

# CableFAX Daily™

Thursday — February 2, 2012

What the Industry Reads First

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## All Systems Go: TWC, Insight One Step Closer to History

**Time Warner Cable** moved closer to closing its deal to acquire **Insight** this week, with the **FCC** approving the transaction Tues. The order, which was released on the FCC's Daily Digest Wed, wasn't voted on by the commissioners, but instead adopted by the chiefs of the Wireline, Intl and Wireless bureaus. The approval was expected, especially given that the Commission got no comments opposing the transaction (although **DirectTV** flagged the potential for RSN affiliation in the Cincinnati area following the acquisition of Insight in separate comments on TWC's soon-to-expire RSN conditions). The TWC-Insight order concluded that overall the transaction will serve "the public interest, convenience and necessity." The \$3bln deal was announced in Aug, with TWC expecting to close it in the next few months. The Insight systems will be integrated into TWC's Midwest footprint. That, of course, will mean channel losses and gains—perhaps most notably the loss of **NFL Net** by Insight subs (*Cfax*, 9/13/11) and the gain of **MLB Net**. *The Cincinnati Post* put together a list of what channel changes its readership should expect without 11th hour deals. In addition to NFL Net, Insight subs get 2 other channels not now offered by TWC: **Fox Sports South** and low-power broadcast station **WKRP**. Another channel Insight customers receive that TWC doesn't currently offer is **CN2**, Insight's own news & info net that launched in '10. It's unclear what will happen to CN2 post-merger. TWC is no stranger to local news nets, with its **Your News Now** channels in NY, TX and NC. In addition to MLB Net, *The Post* noted that TWC offers a few services not offered by Insight: **HBO Go**, **NBA League Pass** and an alt channel for **Fox Sports OH** to carry Univ of Cincinnati or Xavier games airing simultaneously. One more service not included on the Post's list: TWC's iPad, iPhone and iPod touch apps for watching live TV on the device inside the home. Back to the FCC, the order specified that it believes the TWC-Insight combo will result in increased operating efficiencies, and the greater scale creates "a potentially stronger competitor to the incumbent LEC especially in light of the combined company's ability to offer IP-based voice and other services to residential and business customers" throughout Insight's 3-state region.

**SeaChanges at the Top:** **SeaChange** announced early Wed more than \$5mln in annualized cost reductions, primarily through layoffs "related to streamlining operations and reducing the overall cost structure of the company." But later in the day the company said pres *Yvette Kanouff* is out, and it has eliminated the post altogether. "Over the past few months, Yvette has been discussing her desire to pursue other interests, and we support that and wish her well," said SeaChange CEO *Raghu Rau* in a release. "We sincerely thank Yvette for her years of dedication to SeaChange, her technical knowledge, and her contributions toward building the Company's video-on-demand business." Said Kanouff: "...it is the right time for me to move on, and I look forward to my next endeavor."

**Eyed Expansion:** As **Comcast** and **Verizon** expanded their co-marketing venture beyond Seattle and Portland and into San Francisco, *Sen Herb Kohl* (D-WI) expanded the number of parties interested in parsing the venture and attendant sale of spectrum to the telco. VZ is slated to enact similar ventures with **Time Warner Cable**, **Bright House** and **Cox**. Kohl,

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chmn of the Sen Judiciary subcmte on Antitrust, Competition Policy and Consumer Rights, said he'll hold a hearing on the deals, with the "ultimate goal of protecting consumers and reducing their cable and cell phone bills, and these deals are no exception." The **DoJ** is also looking at the tie-ups. **Public Knowledge** legal dir *Harold Feld* applauded Kohl's intentions, saying when "competitors become resellers of each others services, those charged with protecting consumers and promoting competition have a duty to take a very careful look." New San Francisco customers who sign up for both a qualifying Xfinity offering and Verizon Wireless smartphone or tablet plan can get a Visa pre-paid card valued up to \$300.

**Homing In: Comcast** bowed in Denver its **Xfinity Home** service offering subs 24/7 home security components such as police/fire alarm protection, plus the ability to adjust thermostats and lights and watch live streaming video from wireless cameras while away from home. **Infonetics Research** said ARPU bumps and churn reduction are the major reasons MVPDs offer home automation systems (also **Time Warner Cable**, **Verizon** and **AT&T**), and said "many more will jump into the game this year." Home security is the most popular home control service currently, said the firm, but monitoring of appliances and home energy use will see the biggest growth this year. Comcast's home services, which launched in Houston in '10 and continue to roll out in additional markets, start at \$40/month.

**Online:** We're used to PPV being used for wrestling and boxing, but this was a new one for us. **Outdoor Channel** and **Major League Fishing** said their 1st event together, the Challenge Cup, will be offered with a 7-week, Internet based PPV plan beginning Feb 13. The web-based broadcasts of competitive bass fishing—1 ep per week—are available for purchase at [www.majorleaguefishing.com](http://www.majorleaguefishing.com). The package costs \$17.94, with individual eps available for \$2.99 each.

**In the States: Comcast** agreed to a multi-year extension of its existing software license and service agreements with **Amdocs**. -- **Technicolor** said it has sold 10mln DTAs to North American cable ops.

**Multiplatform Video: Amazon** shares may have been leveled Wed on a 4Q rev miss, but the company's video offerings are healthy. The number of videos purchased/rented from **Amazon Instant Video** and the service's customer total both doubled YOY in the quarter, and the number of **Prime Instant Video** streams soared nearly 300% sequentially. "We're seeing great adoption," said CFO *Thomas Szkutak* of the services. "And from what we see so far, it supports a continued strong investment there. And so that's what we're doing." -- With **Comcast** its largest customer, video services firm **Harmonic** sees a notable opportunity in the delivery of multiscreen content. US ops are leading a consistent trend of offering programming across devices, said pres/CEO *Patrick Harshman*, adding "we are also pretty excited by the activity that we saw... spanning service providers as well as content players, live things like sports and on-demand things like movies." Harshman believes the delivery of HD content across devices is the hot ticket item. "I think it's causing people who weren't previously thinking about this kind of technology, I think, to really pause and to reconsider," he said. "I don't anticipate maybe a rocket to the moon in the second quarter, but I think it's going to over the course of the year it's going to gain real momentum."

**Ratings: Investigation Discovery** has to slow down at some point, right? The net continues to add viewers at an impressive clip, having now achieved growth in prime HH delivery for 48 consecutive weeks. Jan marked the net's best month ever through YOY prime increases among all major demos including P2+ (+21%), homes (+23%) and 18-49s (+28%), and Jan 23-29 marked its best week in history -- **History** earned its top Jan in history through YOY growth among total viewers (+22%), 25-54s (+22%) and 18-49s (+16%)—and also its best month ever among 25-54s (1.1mln impressions). -- **Ani-**



**Sales Executive of the Year Awards**  
saluting cable sales leadership

**Questions:** Mary Lou French  
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## Saluting Sales Excellence in the Cable Marketplace

The **CableFAX Sales Executive of the Year Awards** recognizes sales forces across cable who work tirelessly behind the scenes to drive revenue and keep our dynamic marketplace growing and business moving forward. The winners and honorable mentions will be saluted during an awards event in Spring 2012 in NYC.

**Entry Deadline: February 3, 2012**  
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# BUSINESS & FINANCE

mal Planet earned in Jan its highest monthly performance in more than 5 years (694K total viewers), plus a historical monthly record for men 25-54 in prime (166K) and total day (106K).

**On CableFAX.com:** This week **CableFAX.com** spoke with *Bruce Seidel*, formerly svp, programming, for **Cooking Channel**, who just left cable to head up a food channel on **YouTube**. He's looking forward to expanding his palette and including things that "haven't been tackled on television."  
 -- Columnist *Esther Weinberg* gleans 6 lessons on innovation from **Lionsgate's** release of the film "Abduction" simultaneously on **Facebook** and DVD. -- Do you know which cable network's gm is a Millennial? We have the answer at CableFAX.com, as well as some insights from her on the oft-courted demo. -- Check out exec editor *Michael Grebb's* take on covering the Red Carpet from press row.  
 -- On **CableFAXDaily.com** (free with your **CableFAX Daily** subscription), take note: 66% of consumers switched companies last year because of poor customer service. According to an **Accenture** survey, cable, wireless phone and utilities providers each experienced the greatest increase in customer switching.

**Editor's Note:** Bummed you missed the deadline for **CableFAXIES** nominations? It's your lucky day. The deadline was extended until this Friday. Enter online at <http://www.cablefax.com/cfp/awards/cablefaxies2012/>

## CableFAX Daily Stockwatch

Company	02/01 Close	1-Day Ch	Company	02/01 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	45.24	0.23	CLEARWIRE:	1.78	0.09
DISH:	28.43	0.51	CONCURRENT:	3.70	(0.06)
DISNEY:	39.33	0.43	CONVERGYS:	13.39	0.08
GE:	18.77	0.06	CSG SYSTEMS:	16.51	0.24
NEWS CORP:	19.84	0.37	ECHOSTAR:	27.16	0.92
<b>MSOS</b>					
CABLEVISION:	14.54	(0.01)	GOOGLE:	580.83	0.72
CHARTER:	58.28	0.64	HARMONIC:	6.33	0.45
COMCAST:	26.85	0.27	INTEL:	26.55	0.13
COMCAST SPCL:	25.69	0.18	JDSU:	13.13	0.44
GCI:	10.66	0.25	LEVEL 3:	19.42	0.87
KNOWLOGY:	15.78	0.71	MICROSOFT:	29.89	0.36
LIBERTY GLOBAL:	46.81	0.93	MOTOROLA MOBILITY:	38.67	0.04
LIBERTY INT:	17.38	0.26	RENTRAK:	17.52	0.41
SHAW COMM:	19.83	UNCH	SEACHANGE:	7.29	0.11
TIME WARNER CABLE:	74.29	0.57	SONY:	18.19	(0.03)
VIRGIN MEDIA:	24.23	0.39	SPRINT NEXTEL:	2.23	0.11
WASH POST:	387.75	9.04	THOMAS & BETTS:	71.36	(0.03)
<b>PROGRAMMING</b>					
AMC NETWORKS:	42.95	0.19	TIVO:	10.69	0.32
CBS:	28.91	0.43	UNIVERSAL ELEC:	19.14	0.64
CROWN:	1.22	0.03	VONAGE:	2.53	UNCH
DISCOVERY:	43.46	0.58	YAHOO:	15.73	0.26
GRUPO TELEVISIA:	20.40	0.68	<b>TELCOS</b>		
HSN:	36.29	0.60	AT&T:	29.60	0.19
INTERACTIVE CORP:	45.78	2.71	VERIZON:	37.80	0.14
LIONSGATE:	10.48	0.40	<b>MARKET INDICES</b>		
LODGENET:	3.43	(0.17)	DOW:	12716.46	83.55
NEW FRONTIER:	1.10	UNCH	NASDAQ:	2848.27	34.43
OUTDOOR:	7.12	0.07	S&P 500:	1324.09	11.68
SCRIPPS INT:	43.31	(0.05)			
TIME WARNER:	37.69	0.63			
VALUEVISION:	1.59	0.01			
VIACOM:	52.95	0.47			
WWE:	9.68	0.19			
<b>TECHNOLOGY</b>					
ADDVANTAGE:	2.20	(0.05)			
ALCATEL LUCENT:	1.80	0.06			
AMDOCS:	29.77	0.33			
AMPHENOL:	54.80	0.37			
AOL:	17.76	1.55			
APPLE:	456.19	(0.29)			
ARRIS GROUP:	11.77	0.08			
AVID TECH:	9.86	0.17			
BLNDER TONGUE:	1.42	0.03			
BROADCOM:	37.13	2.78			
CISCO:	19.80	0.15			

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## Think about that for a minute...

### Beware

Commentary by Steve Effros

I've been around this business for over 40 years now. There's little question of where my bias lies; I'm a cable guy. After all, I was President of one of cable's national associations for 23 years and still advise, analyze and act as a consultant to the industry. I'm asked to spend a lot of my time trying to explain what the heck is going on, and why, in English, to the myriad (usually young) reporters from around the country who suddenly find themselves on the "telecom beat" or dropped into the heat of some local battle, be it price increases, net neutrality or retransmission consent.



There is, at least in this context, a benefit to age and repetitive experience that can be shared. I've found myself in the last few weeks suggesting over and

over again to those who are sent my way that old Chinese saying; "beware of what you ask for, you might get it."

This is much broader than just cable, and it applies directly to what is happening in Washington on a host of telecommunications issues. The one that I've gotten the most calls on recently is the "battle" over the SOPA and PIPA bills. Those are, or were, pieces of proposed legislation in the Senate and the House trying to deal with the very real problem of intellectual property theft, particularly on the Internet, and especially perpetrated or aided by foreign web sites.

They are far too complicated to discuss in detail here, but suffice it to say, as a lot of headlines did, that a "firestorm" erupted in lobbying for and against the bills when Wikipedia announced it would "go dark" for a day to protest the bills, and Google and lots of other web sites joined in.

Millions of emails were generated. Members of the House and Senate were swamped by those who were convinced

that these proposed bills would "kill" the Internet. Shades of the "net neutrality" debate. Anything that web users (and Silicon Valley) see as affecting their "rights" is characterized as "killing the Internet." This time it worked. The bills have been taken off the table for now. But the problem still exists, and maybe, hopefully, a serious effort will be made on all sides to find a reasonable solution.

My concern at the moment, however, is the notion that the "webizens" are being characterized as having a new, extremely potent force that they can use to batter Capitol Hill and counter "the corporate lobbyists" any time they agree or disagree with a legislative proposal. There are major flaws in that thinking. First and foremost, the "group" that agrees this time may not agree next time. The Googles of the world may find themselves on the receiving end of the next assault. Second, lots of folks can play this game. I remember when churches organized to send letters to the FCC opposing an alleged "plan" to close down religious broadcasters. The letters came by the millions. The information, however, was wrong. There was no plan.

But it just tells you that any major group could put together a "blitz" campaign any time, especially with the ease now afforded by the web. Over time the effect will lessen, but in the meantime, we can expect far more than one "side" to make use of the "weapon." So as we read all the stories about this "new force," let's recognize that it's just another lobbying tool, and those who use it, while railing against the "lobbyists," are, in fact, themselves "lobbying." Beware.

*(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry).*

Steve

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## The CableFAXIES awards

LATE DEADLINE: FEBRUARY 3, 2012

Entry Questions: Mary-Lou French at 301-354-1851;  
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### Saluting Cable's Top Marketing & PR Programs and People

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