

CableFAX Daily™

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What the Industry Reads First

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CTAM Changes: Beales Leaving Group at Year-End

Longtime CTAM pres/CEO *Char Beales* will be leaving the marketing association at the end of the year, **CableFAX** has learned. CTAM confirmed her departure, saying she will retire and a search will be held for a successor. CTAM svp, comm *Anne Cowan* said Beales had considered retiring in '12 but the board extended her contract and asked her to stay through '13 because of the organization's shift to a new business model. A source confirmed that Beales had talked about possibly retiring last year. She has led the cable marketing group for nearly 21 years. "Her retirement was never part of the formula for the changes we made to CTAM," Cowan said. "Doing a search for her replacement makes it clear, I think, that we still want a strong president and CEO for the organization going forward." That search will should begin around mid-year, with the hope that Beales can with the transition, Cowan said. In Nov, CTAM announced it would focus on corporate memberships vs individual memberships and do away with its annual Summit and Insights conferences. Beales could not be immediately reached for comment. She was traveling after having been in Atlanta Wed for a "CTAM Unplugged" event, where she interviewed **Cox** COO *Jill Campbell*. CTAM Unplugged learning/networking regional events were created last year to help fill the void of CTAM's local chapters, which the board disbanded at the end of '11—yet another major change the association has weathered in recent years. In '10, a committee of **NCTA**'s board suggested CTAM consider restructuring given its "high overhead costs" and large number of programs (*Cfax*, 7/27/10)—although NCTA members stressed that it was only a suggestion and CTAM and other industry groups were not beholden to the recommendations. As a result of the operational changes announced last fall, CTAM eliminated about a quarter of its staff (8 positions), primarily in conferences and individual membership marketing. CTAM's restructure does shrink its revenue base, but Beales has described it as necessary because member companies have restructured marketing departments, taking positions out of the field and centralizing marketing in their corporate HQ. Instead of large conferences, CTAM is introducing smaller, more frequent meetings. As for the next CEO, it would seem a deep industry background could be important, but it may be wide open given that some of CTAM's board members have a background outside of cable. For example, **Cox** CMO *Mark Greatrex* was at the **Coca-Cola Co** before joining the MSO in '11; **Suddenlink** CMO *Jerry Dow* was at

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National and **Alamo** car rental brands before coming on board in '08; and **Mediacom** CMO *David McNaughton's* resume includes stints at **nTelos** and **Cincinnati Bell**.

TWX Earnings: Time Warner had a great 4Q: Profit rose by an impressive 51% YOY to \$1.17bln thanks to as-set gains and lower charges. Revenue for the quarter was flat at \$8.blm. The network business posted \$14.2blm in revenue for the full year '12, up 4% YOY thanks to growth in subscription revenue and ad revenues. Higher domestic rates and an increase in domestic subscribers at **HBO** powered the increase in subscription revenues while ad revenues benefited primarily from growth at **Turner** nets. Going forward, investing in originals is a core strategy, according to chief exec *Jeff Bewkes*. **TBS** and **TNT** will up the number of eps for original series by more than 40%, he said during Wed's earnings call. Turner also has "the strongest lineup of national sports rights than any other network other than **ESPN**," Bewkes said, citing TBS and TNT's deals with **MLB**, **NBA** and **NCAA**. However, launching a dedicated sports channel isn't in the cards. "We are focused on having the right sports," he said. The company will continue to evaluate potential opportunities but that will be done in the framework of existing nets instead of a stand-alone sports network, he said. He was upbeat on the outlook for **CNN**, saying he's optimistic that it will "once again fill the promise of its iconic brand" with the new leadership. Turner and **Warner Bros.** together announced deals with both **Amazon** and **Netflix** in the last few months, licensing series like "Dallas" and "Falling Skies." This emerging back end for cable originals is "a very promising sign since it should result in production values for cable originals getting even better over time," he said. More deals are being discussed. The company generated over \$350mln in revenue from SVOD deals in '12. Looking forward, Time Warner expects low double-digit earnings growth in '13. Part of the growth would come from affil fee increases.

Carriage: DISH will carry **Fox Sports San Diego** as of Apr 1, giving the **Padres** RSN carriage with just about everybody in the market besides **Time Warner Cable**. **DirecTV**, **Cox** and **AT&T** already carry the channel. Fox Sports San Diego will be in DISH's America's Top 120 Plus and Latino Dos packages. -- As part of a month-long free preview, **Outdoor Channel** will be available to **DISH** subs throughout Feb. For a limited time, current DISH subs can add the Outdoor Sports package for half price for the first 6 months.

Disney Dollars: More from **Disney's** 1Q earnings call after the bell Tues (*Cfax*, 2/6). The cable nets have closed 7 of 10 major affil agreements, signing deals most recently with **AT&T U-Verse** and **Charter**. One month into the new year, the company has already started to recognize the new rates associated with the new deals at **ESPN**, financial chief *James Rasulo* said. "The rates are differential across all the ESPN channels," he said. While ESPN results in the quarter were impacted by higher costs, new affil deals would benefit the net going forward, execs said. ESPN's results were also impacted by higher programming costs, especially sports programming costs, Rasulo said, citing higher **NBA** and college football rights fee. Disney also recently signed a deal with **Netflix** under which the online video service gets the right to stream films from **Pixar** and **Marvel** as well as a catalog of Disney family titles. The deal's a "movie play," chief exec *Robert Iger* said. By limiting the content to movies, the deal would not threaten the long-term health of Disney nets, he said. The deal's not "a step in the direction of encouraging people to not subscribe to multichannel services."

On the Hill: Legislation to let 3 or more **FCC** commissioners hold non-public collaborative discussions has been re-introduced in the House by *Anna Eshoo* (D-CA), *John Shimkus* (R-IL) and *Mike Doyle* (D-PA). Sens *Amy Klobuchar* (D-MN) and *Dean Heller* (R-NV) will introduce the bill in the Senate. The FCC's Sunshine Rule has been griped about by many commissioners over the years—particularly ex-commish *Michael Copps*. Republican commish *Ajit Pai* threw his support behind the legislation, calling it 1 of the many steps needed to put the agency on the "right procedural track." "Whether it is Congress or state commissions, companies or consumers, we at the FCC hear a common refrain: our processes need reform," he said.

Ratings: YES' Lakers-Nets game Tues goes down in the record books as the RSN's most-viewed and highest rated regular season Nets telecast ever, averaging 299K total viewers and a 3.08 HH rating in the NY DMA.

Programming: UK pop band "The Wanted" will live together in L.A. to record their 3rd album and appear in a *Ryan Seacrest*-produced series for **E!** (June premiere). -- **Bravo** isn't packing up its knives. The net renewed "Top Chef" for an 11th season, with open calls for contestants starting Mon in Austin, TX. -- **ABC Family** picked up two 1-hour drama pilots:

BUSINESS & FINANCE

“The Fosters,” a multi-ethnic family being raised by 2 moms (exec produced by *J-Lo*), and “Twisted,” a mystery that centers on a charismatic 16-year-old who becomes the prime suspect in a student’s murder. -- **TLC** ordered a 6th season of “Toddlers & Tiaras” and 8 more eps of “Cheer Perfection,” with both series slated to return this summer. -- “Buckwild” nabbed a sophomore season on **MTV**.

Milestones: Days away from its 2nd birthday, 3D channel **3net** is now available to more than 40mln homes through **DirecTV, Comcast, Service Electric Cablevision** and **Netflix**. Feb also marks the premiere of the net’s 30th native, original 3D series: “Crazy Land,” which explores American sub-cultures (the premiere looks at real-life super heroes, cape and all).

People: *Denise Chudy*, former gm for consumer review **Website Viewpoints**, joined **The Weather Company** as vp, local platform sales strategy.

Business/Finance: It’s *Malone vs Murdoch* in the UK with **Liberty Global** announcing that it will acquire **Virgin Media** in a stock and cash deal valued at more than \$23bln. Virgin is the 2nd largest MVPD in the UK behind **BSkyB**. “Virgin Media’s concentration in the UK market is a financially and strategically wise transformation for **LGI** and consistent with the company’s intention to have a Western Europe footprint,” said **ISI Group** analysts.

CableFAX Daily Stockwatch

Company	02/06 Close	1-Day Ch	Company	02/06 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/.....			CSG SYSTEMS:.....	19.37	0.73
DIRECTV:.....	52.47	0.10	ECHOSTAR:.....	37.31	(0.23)
DISH:.....	37.00	(0.2)	GOOGLE:.....	770.17	4.43
DISNEY:.....	54.52	0.23	HARMONIC:.....	5.35	(0.01)
GE:.....	22.44	(0.1)	INTEL:.....	20.99	(0.19)
NEWS CORP:.....	28.69	0.07	JDSU:.....	15.34	0.16
MSOS					
CABLEVISION:.....	14.37	(0.24)	LEVEL 3:.....	24.50	(0.11)
CHARTER:.....	81.05	(0.48)	MICROSOFT:.....	27.34	(0.15)
COMCAST:.....	38.73	(0.51)	RENTRAK:.....	20.45	0.04
COMCAST SPCL:.....	37.38	(0.39)	SEACHANGE:.....	11.23	0.05
GCI:.....	8.25	0.05	SONY:.....	15.82	(0.01)
LIBERTY GLOBAL:.....	66.06	(1.82)	SPRINT NEXTEL:.....	5.77	0.06
LIBERTY INT:.....	21.17	0.02	TIVO:.....	13.05	0.24
SHAW COMM:.....	23.65	0.26	UNIVERSAL ELEC:.....	18.90	0.16
TIME WARNER CABLE:.....	88.09	(0.12)	VONAGE:.....	2.50	0.02
VIRGIN MEDIA:.....	44.89	(0.72)	YAHOO:.....	19.85	0.19
WASH POST:.....	389.19	5.34	TELCOS		
PROGRAMMING					
AMC NETWORKS:.....	57.55	(0.16)	AT&T:.....	35.43	0.08
CBS:.....	41.98	(0.35)	VERIZON:.....	44.75	0.19
CROWN:.....	1.95	0.01	MARKET INDICES		
DISCOVERY:.....	70.00	(0.3)	DOW:.....	13986.52	7.22
GRUPO TELEVISA:.....	28.47	(0.33)	NASDAQ:.....	3168.48	(3.1)
HSN:.....	59.01	(0.46)	S&P 500:.....	1512.12	0.83
INTERACTIVE CORP:.....	43.01	0.62			
LIONSGATE:.....	19.21	0.28			
OUTDOOR:.....	7.50	(0.01)			
SCRIPPS INT:.....	62.26	0.56			
TIME WARNER:.....	52.01	2.05			
VALUEVISION:.....	2.81	0.03			
VIACOM:.....	61.61	(0.12)			
WWE:.....	8.53	0.02			
TECHNOLOGY					
ADVANTAGE:.....	2.06	(0.1)			
ALCATEL LUCENT:.....	1.71	(0.01)			
AMDOCS:.....	35.69	(0.23)			
AMPHENOL:.....	69.55	0.66			
AOL:.....	30.80	0.30			
APPLE:.....	457.35	(0.49)			
ARRIS GROUP:.....	16.52	0.14			
AVID TECH:.....	7.62	0.17			
BLNDER TONGUE:.....	1.35	0.10			
BROADCOM:.....	32.44	(0.17)			
CISCO:.....	21.19	0.11			
CLEARWIRE:.....	3.21	(0.03)			
CONCURRENT:.....	7.90	(0.26)			
CONVERGYS:.....	16.98	0.02			



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Think about that for a minute...

An Apology

Commentary by Steve Effros

I'll bet you didn't know that there's a new FCC plan to create a nationwide free, public "Super Wi-Fi" network. It would be available in just about every metropolitan area and in many rural areas, too, and if approved it would only take "several years" to set up!

Neither did the FCC. But all that, and lots more was part of a Page One article in Monday's *Washington Post*. The article triggered a domino effect of headlines and reporting around the country. As *Ars Technica's* web site noted (not usually a telecom industry fan,) "The headlines were literally too good to be true, and so outlandish no one should have written them in the first place. "FCC Proposes Free Wi-Fi For Everyone In The US," *Popular Science* reported. "FCC wants free Wi-Fi for all,"



said *The Daily Caller*. On *Mashable*, it was "Government Wants to Create Free Public 'Super Wi-Fi,'" and *Business Insider* breathlessly reported, "Telecom Corporations Are Trying To Stop The Government From Offering Free 'Super Wi-Fi'"

Oh, about that last one, I forgot to mention that another sub-text of the original story was that the big, bad "industry" was fiercely fighting this alleged brilliant new idea sprouting from the FCC!

By Tuesday, on page 14, the same reporter wrote a piece backtracking from the original page one embarrassment. Not a "correction," mind you, just a piece explaining, as did a lot of other similar articles elsewhere by those who actually knew what they were writing about, that in fact that FCC hadn't announced anything "new," indeed, it hadn't announced anything at all. The "Super WiFi" idea is just one of many that have been talked about for a long time (close to 10 years) regarding potential uses for so-called unlicensed (free) "white space" spectrum, as is already the case with

such things as garage door openers. That the telecom industry has not now mounted a "fierce lobbying effort" opposing the white space and spectrum auction ideas, but simply was responding to a current FCC request for comments, and that there is no known current plan to build such a system, certainly no business plan that anyone knows of to pay for it, and not even the slightest suggestion that the government would do so! Whew.

As is painfully normal in cases like this, even had the second article in the *Post* been prominently labeled a "correction," as it should have been, the damage has already been done, and the correct information has a very hard time catching up with the misinformation and not-terribly-well-disguised advocacy and bias suffusing the first piece. Either the reporter simply did not know what she was writing about, a complaint that has been heard regarding the telecommunications reporting in the *Post* for some time now, or front page advocacy has become the norm in the media, be it "mainstream" or not.

We are all, by now, used to the "screaming" in the blogs. They emulate the commercial success of the "selective journalism" now so popular on cable. We know, however, where they are coming from, that the information is slanted to "their" audience. We expect both hyperbole and material that has intentionally not been "fact checked" terribly carefully. I have long hoped (and sometimes gotten) better from traditional "news" sources.

For any journalistic effort to be relied upon for accurate, balanced information and analysis it has to acknowledge when it makes mistakes, and it has to do so prominently. In this case, it shouldn't be a "correction," it should be an apology.

Steve

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

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