

# CableFAX Daily™

Tuesday — March 12, 2013

What the Industry Reads First

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## March Madness: Turner/CBS Nix Fee Option, Add 4-Hour Free Trial

For the 3rd year in a row, **Turner** and **CBS** are airing all 67 games of the NCAA Division I Men's Basketball Championship simultaneously across 4 nets—**TBS, TNT, truTV** and **CBS**—and allowing pay TV subs to authenticate across a suite of streaming applications via their March Madness Live product. But whereas last year the companies charged fans a one-time \$3.99/person fee to stream games if they didn't authenticate, for this tourney they're offering a free 4-hour preview option before requiring viewer registration for the cable nets. The 4-hour period, which can be divvied up across multiple games, is designed to give subs who aren't familiar with the credential process the opportunity to catch a game or two without delay. Last year's \$3.99 charge was "not about generating revenue," *Matthew Hong*, **Turner Sports** svp and gm, operations, told **CableFAX** after a Turner/CBS **NCAA** March Madness media event in NY Mon. And it didn't. It was more about "preserving the value for our MVPDs," he said. Games were available online for free the 1st year of the Turner/CBS March Madness partnership. In 2013, "the industry is much further along with TV Everywhere," he said. "We're moving almost fully to a TV Everywhere model," with the 4-hour trial being a fallback for those who haven't previously registered for TVE. The authentication process will be consistent with other products in the market. "There are more devices in the marketplace, so there are more devices that were optimized," he said. Regarding consumer viewing patterns, Hong expects the trend of mobile viewing to continue to increase. "If you look at all live video consumption across all digital platforms, that's increased year over year," he said. Given that nearly 50% of viewers who watched on digital platforms last year did so on mobile devices, "I would put it at over 50% at mobile viewing" this year, he said. Another improvement for '13: March Madness Live's social media experience will include curated tweets that are further integrated alongside the video product, as well as increased capability for viewers to push out **Facebook** posts and tweets while they're watching.

**More Madness:** Speaking about the shift in the model from airing NCAA tourney games regionally to airing them simultaneously, **CBS Sports** chmn *Sean McManus* said it's rare that a network will ask a viewer to leave one game to watch another one on a different network. But with this partnership, every decision made was based on "what is

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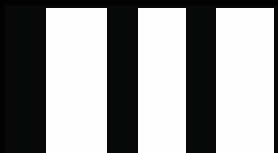
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best for the viewer... with that navigation in mind.” “This medium that we’re in is very critical about change,” added *David Levy*, pres of **Turner** sales, distribution and sports, and the move to make games available simultaneously was a huge, “instantaneous” change, he said. Fans reacted well with the approval rating of the format at 96% after its inaugural season in 2011, he said. “We had some concerns” leading in, *McManus* said, but the networks took an “aggressive” approach by actively promoting upcoming games on other channels. The breakdown of games is as follows: CBS will air 26 (including the 2nd and 3rd rounds, Sweet 16, Elite 8, Final Four, National Championship and the Division II Championship), **TBS** will televise 16 games, **truTV** has 13 and **TNT** will broadcast 12. Coverage of the tournament begins March 19 on truTV and culminates Mon April 8 on CBS.

**TiVo Doings:** Bigger isn’t necessarily better. **TiVo** launched TiVo Mini, a new companion box for its Premiere 4 and Premiere XL4 DVRs that allows customers to use TiVo and online services throughout their homes without an additional DVR. The device is available at \$99.99 with a monthly subscription fee of \$5.99 for a 1-year commitment. Alternatively, a lifetime service is available for a 1-time cost of \$249.98. MVPDs such as **Comcast** and **Suddenlink** are already offering TiVo Mini. Users can control their main TiVo DVR by scheduling recordings and WishList searches, among other activities. In addition to TV, movies, and music, the TiVo Mini includes a gaming component. Through Google Picasa and Photobucket integrations on the device, users can also access their photos on TV screens throughout the home.

**NAMIC:** **NAMIC** board chair *Michael Armstrong* said the organization is looking into claims made in an anonymous email that accused CEO *Nicol Turner-Lee* of mismanagement of the industry diversity organization. The email sent late Fri to trade press, members of **NAMIC**, the **Kaitz Foundation** and other organizations purported to be from “concerned **NAMIC** members.” It was sent under the name *Tony Stark*, an alias for the Iron Man superhero, and it misspelled Turner-Lee’s first name. The email said members are hearing reports of outstanding debts owed to **NAMIC**’s education partner, the Darden School, and deteriorating relationships with vendors, such as the Hilton Hotel. “We will work closely with our third party accounting and audit firms to quickly get to the facts. Please be assured that **NAMIC**’s Board of Directors is being thorough in its examination. We will provide further comment once the fact finding process has been completed,” *Armstrong* said in a statement. Turner-Lee joined the organization in April, having previously served as vp and dir of the **Joint Center for Political and Economic Studies**’ Media and Technology Institute. Before that, she was with **One Economy**, a nonprofit aimed at using tech and info to expand opportunities for low-income individuals.

**Piracy:** **NBCU** tapped *Gregory Jackson* for its newly created role of vp, university outreach. His job will be to work with stakeholders in entertainment and higher education to develop and implement strategies that will help colleges and content providers better guide students toward legal means for obtaining digital movies, TV shows and similar online materials. Jackson previously served as vp, policy for **EDUCAUSE**, the principal international association for higher-education information technology

**Research:** There are about 5mln HHs without any TV, according to a **Nielsen** report. Only 18% of these HHs are considering subscribing to TV services. In addition, about 44% of those who don’t have any TV, whether it’s pay-TV or OTT, are under 35. Meanwhile, 75% of consumers who don’t watch traditional TV have a TV. The main reasons for not having any TV service include cost (36%) and lack of interest (31%), the report said.

**Branding:** **Avail-TVN** has a new name: **Vubiquity**. The company said the name highlights the growth of its services portfolio and expansion into more than 77mm HHs in 28 countries. Vubiquity’s services include VOD, advanced advertising, data analytics and multiplatform services that support TVE and SVOD.

**Programming:** **Sundance Channel** greenlit new series “The Descendants (wt),” which has six 1-hour eps. -- Ready for some car racing? **Formula One** will make its debut on **NBC Sports Net** this week with 13 races. Meanwhile, the net, home for the **IZO IndyCar Series** since ’09, will televise more Indy races this season. The addition of 2 “doubleheaders” to the schedule will result in NBC Sports Network televising 13 races this season, plus 12 Indy Lights races. Digitally, the recently launched MotorSportsTalk on NBCSports.com will live stream both circuits on NBC Sports Live Extra via TVE.

**People:** **Cablevision** CFO *Gregg Seibert* adds the role of vice chmn. He’ll collaborate closely with CEO *Jim Dolan* and the sr mgmt. team on CVC’s overall strategy. He’ll also work with *Hank Ratner*, who also serves as vice chmn of Cablevision. -- *Eric Claytor* is leaving **TV One** to join **Entertainment Studios Nets** as svp, affiliate distribution and marketing.

# BUSINESS & FINANCE

He'll be based out of the company's new regional office in Denver and will report to *Janice Arouh*, distribution and marketing pres. -- **Sundance Channel** hired *Christian Vesper* as svp, scripted development and current.

**On the Circuit:** WICT will begin accepting registrations for its '13 Leadership Conference Tues. Registration includes attendance at the WICT Touchstones Luncheon Oct 7, during which WICT will recognize its "Woman of the Year" and "Woman to Watch."

**Clarification:** Google Fiber's \$5/month fee is for **ESPN 3D**. 3D channel **3net** is on a tier available to all subs at no additional cost.

**Business/Finance:** International Strategy & Investment Group rated **Charter** "buy" and increased its price target to \$100 from \$88, saying the MSO's 1-year-old mgmt team is starting to make its mark and moving the company toward a reacceleration of EBITDA growth that it expects to begin in the 2nd half of '13. The firm reiterated its "neutral" rating on **Cablevision** and reduced its price target to \$14 from \$15 for now, saying it sees '13 as a repair year with FCF rebounding, but not back to 2011 levels. -- **Discovery** entered into an employment agreement for *Mark Hollinger* to continue to serve as pres/CEO of **Discovery Nets Intl**. As of Jan 1, his base salary is \$1.5mln from \$1mln. His target bonus opportunity increased to 150% of his base salary from 120%.

## CableFAX Daily Stockwatch

Company	03/11 Close	1-Day Ch	Company	03/11 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	50.90	0.82	CSG SYSTEMS:	19.42	(0.13)
DISH:	34.95	0.50	ECHOSTAR:	38.36	0.03
DISNEY:	57.66	0.27	GOOGLE:	834.82	3.30
GE:	23.62	(0.15)	HARMONIC:	5.82	UNCH
NEWS CORP:	31.08	0.15	INTEL:	21.69	0.11
<b>MSOS</b>					
CABLEVISION:	14.27	0.31	JDSU:	15.40	(0.08)
CHARTER:	88.95	(0.11)	LEVEL 3:	21.26	(0.23)
COMCAST:	41.13	0.14	MICROSOFT:	27.87	(0.13)
COMCAST SPCL:	39.09	0.10	RENTRAK:	21.40	(0.13)
GCI:	8.60	0.32	SEACHANGE:	11.50	0.31
LIBERTY GLOBAL:	71.77	0.03	SONY:	15.96	0.37
LIBERTY INT:	21.64	0.03	SPRINT NEXTEL:	5.86	(0.02)
SHAW COMM:	23.96	0.10	TIVO:	12.85	0.11
TIME WARNER CABLE:	90.77	1.00	UNIVERSAL ELEC:	21.75	0.43
VIRGIN MEDIA:	47.68	(0.02)	VONAGE:	2.82	UNCH
WASH POST:	413.01	(1.68)	YAHOO:	22.60	(0.3)
<b>PROGRAMMING</b>					
AMC NETWORKS:	59.85	0.58	<b>TELCOS</b>		
CBS:	45.90	(0.1)	AT&T:	36.60	(0.08)
CROWN:	2.11	(0.03)	VERIZON:	47.81	(0.15)
DISCOVERY:	77.80	(0.1)	<b>MARKET INDICES</b>		
GRUPO TELEVISA:	26.98	0.02	DOW:	14447.29	50.22
HSN:	54.92	0.68	NASDAQ:	3252.87	8.50
INTERACTIVE CORP:	43.60	0.03	S&P 500:	1556.22	5.04
LIONSGATE:	22.33	0.14			
OUTDOOR:	8.80	UNCH			
SCRIPPS INT:	64.32	(0.02)			
TIME WARNER:	57.26	(0.2)			
VALUEVISION:	3.38	0.21			
VIACOM:	64.46	(0.08)			
WWE:	8.88	0.11			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.16	(0.04)			
ALCATEL LUCENT:	1.46	(0.02)			
AMDOCS:	36.27	0.23			
AMPHENOL:	73.13	(0.01)			
AOL:	36.84	(0.64)			
APPLE:	437.87	6.15			
ARRIS GROUP:	17.88	0.17			
AVID TECH:	6.95	0.10			
BLNDER TONGUE:	1.34	(0.01)			
BROADCOM:	33.80	0.30			
CISCO:	21.88	0.05			
CLEARWIRE:	3.24	0.06			
CONCURRENT:	7.33	0.04			
CONVERGYS:	17.02	0.01			



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## Think about that for a minute...

### Top 25

Commentary by Steve Effros

It's time we all acknowledged reality, especially those who debate, write and adopt telecommunications regulations. The truth is, we don't really know where the businesses, technology or consumers are going, or who's going to do what, when—but we do know that it's changing fast, so now's the time to stop making believe it's still all the same!

Regulating, or even talking about, for instance, "cable television," as though that's a monolithic, understandable, identifiable business that can be classified and regulated as such, is just nonsense. We have long tried to explain the difference between "large" systems and "small" systems, and to some degree that's worked with a few efforts at reducing the regulations for the "small" ones,

but it's not really effective any more. The fundamental differences in infrastructure make-up and capabilities, the competitive and financial landscapes, the power and leverage of "scale" in negotiations have gotten so enormous that it's time to recognize and act on the notion that we are really dealing with different industries.

The problem, of course, is how to define these differences in ways that justify alternative forms of regulation (or, hopefully, non-regulation). In the antitrust sphere, which some argue could be a better way to approach dealing with size, power and the need for additional oversight, the calculations as to who is "too big" or who has significant effects on "competition" are so complex and arcane that they tend not to be used. The Cablevision suit against Viacom over pricing and bundling negotiations provides a great reality check of both the problems and the prospects of using those laws to deal with the obvious difficulties.

I would like to suggest some other approaches, especially since we have the "small" cable operators in Washington



this week banging their heads against the Congressional and regulatory walls. Once again, they're trying to get someone to understand that what they do, the problems they face, and the need to "oversee" them for "the good" of the nation is quite different from the mega-corporations competing with each other in the major metropolitan areas and influencing a vast majority of the population.

I'm not against those big companies, and I'm not saying "big is bad" as some would argue. But to think the same regulations and expectations that are applied in multi-million plus, highly concentrated urban centers should also be applied nationwide is just absurd. It should be stopped.

So what is the measure? Well, there are lots of alternatives once we overcome the first hurdle of getting folks to acknowledge—both those who argue and promote various laws and those who write them—that these are, indeed, different businesses and need to be addressed separately. That first step is critical. It's the one we should focus on. Once that's done, reasonable alternatives can be debated.

Here are some ideas I've floated in the past; on rate regulation and program negotiations, limit the power of those program owners whose channels demand fees more than 100% of the mean average cost of all channels. That's a self-selecting group. They decide if they want to fall into that category. How about establishing cable and broadband regulations only for the top 25 markets? Degregulate everyone else. You cover a significant proportion of the population. The costs for things like network access are basically equivalent, and you stop making believe, for instance, that an ISP elsewhere has the same connectivity cost structure as one in New York! OK, maybe the top 50. You get my point.

*Steve*

T:202-630-2099  
steve@effros.com

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

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