

# CableFAX Daily™

Friday — March 16, 2012

What the Industry Reads First

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## Power Play: Efficiency Can Help Ensure Energy Supply, Execs Say

Owing to a spate of new consumer devices, increasing communication among machines and the conversion of many video services to IP, the surging demand for cable bandwidth shows no signs of abating. More energy is needed as a result, and cable companies have responded through energy efficient initiatives such as moving data and services to the cloud. This is all good, said **Comcast** svp, strategic planning *Mark Coblitz* at **SCTE's** Smart Energy Management Initiative in Philly Thurs, but he believes another issue demands address. "...we are concerned that someday—certainly not immediately, but foreseeably within the next five to ten years from now—we will be faced with the reality that our ability to grow will be constrained by the quantity and timing of obtaining electrical power," said Coblitz. "We cannot let that dependency occur. We need a new paradigm to think about energy requirements, one that is based on reducing business risk." It's a green issue, yes, but it also directly impacts business growth, so he's calling on the entire network of industry stakeholders—ops, programmers, **NCTA**, **SCTE**, vendors, **CableLabs** and broadcasters—to think about energy as a key component of any design stage. "Our focus is on growth—and our need is to find ways to grow much more efficiently, and let the natural equipment addition and replacement cycle take its course over the next decade," said Coblitz. It won't be easy to align all the different interests, so execs offered some insight. "It's all about the science piece" to this problem, said **Comcast** evp/chief network officer *John Schanz*. "I'd like to see us get to a common language... that's a little more normalizing." **NBCU** svp, social responsibility *Beth Colleton* espouses "sizzle stats" as a way to open additional eyes to the issue. For example: assuming the entire industry supported 30mln set-tops or connected devices across storage locations, said Coblitz, a mandate to implement RS-DVR instead of a network DVR would require 60x the power—in total, roughly one-third of the output of a nuclear plant. "We must really focus on the context of typical ops," said **Time Warner Cable** svp, network operations and planning *Dave Flessas*, as well as work to "measure and establish [industry] baselines." Targeted messaging is indeed critical to get every stakeholder involved, including consumers and power companies, said **Rogers Comm** dir, wireline planning and support *DArcy Brown*. Yet the bottom line, he said, is that given the current broadband usage growth rates, "whatever we built in the last 17 years, we will build again in two years and again in two years after that." Added **Cox** dir, engineering and sustainability *Steve Bradley*: "such a big portion of our business relies on energy... trying to reduce costs is just smart business."

**Deals:** **Cisco** announced plans to purchase video software and content security solutions provider **NDS** for \$5bln, saying it will complement and accelerate the delivery of its Videoscape platform. It's a huge commitment to video, with **NDS** behind user interfaces for dozens for cable and satellite providers globally, including **DirectTV**. The deal must be approved by both companies' boards as well as regulatory agencies. It's expected to close in the 2nd half of the year. **News Corp** owns a 49% stake in **NDS**, with London private equity firm **Permira** owning the rest. **Sanford Bernstein** believes a deal will be positive for News, saying that organic growth alone (mostly from US cable nets) can't generate

100  
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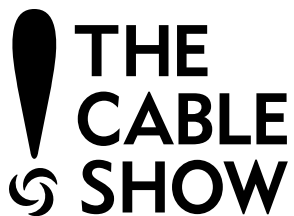
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enough growth in enterprise value to drive compelling upside. At close, NDS' global ops (approx 5K employees) will join the Cisco Service Provider Video Technology Group led by svp, gm *Jesper Andersen*. NDS exec chmn *Abe Peled* will be named svp, chief strategist for Cisco's Video & Collaboration Group, of which SPVTG is a part. "Our strategy has always been driven by customer need and on capturing market transitions. Our acquisition of NDS fits squarely into this strategy, enabling content and service providers to deliver new video solutions that leverage the cloud and drive new monetization opportunities and service differentiation," said Cisco chmn/CEO *John Chambers*.

**Earnings: AMC Networks** shares were down 4.4% to close at \$44 per after the company reported a lower-than-expected 4Q profit that missed analyst expectations. Net income of 41 cents/share (\$29.5mln) was short of the Street's 60 cent/share expectation, thanks primarily to an \$18 million write-off of a programming asset. Revenue came in at \$339mln, a 13.6% increase over last year and ahead of **Miller Tabak's** \$328mln estimate. "While we expect AMCX shares to pullback a bit with this miss, we are still looking for the stock to reach \$49 in the next year, as positive signs include the 4Q11 revenue beat and the 1Q12 and 2Q12 strong programming ("The Walking Dead," "Mad Men") on AMC that should help support continued ad revenue growth," Tabak's *David Joyce* told clients. During Thurs' earnings call, CEO *Josh Sapan* said the company began to see the impact of its Oct **Netflix** deal in 4Q. "We believe the manner in which we structured the agreement works to protect the existing cable ecosystem and the premiere linear window that goes on cable, while at the same time providing us with additional revenue for our increasingly desirable content in a digital syndication window," he said.

**From the Street:** Cable's "competitive position will continue to improve as video consumption habits change," **UBS** said in a note Thurs. "These changes will increasingly require distributors to deliver a high-quality experience to non-traditional devices both inside and out the home. With its fast, secure terrestrial network, the cable industry is best-positioned. We also believe market share losses to the telcos have peaked." UBS estimates that telco TV video sub additions will fall to 1.3mln this year from 1.5mln last year and 1.6mln in '10.

**Competition:** DISH's Hopper DVR system, which won *Popular Mechanics* Editors' Choice Award at **CES**, is now available. It lets viewers share DVR content on TVs in up to 4 rooms, using small units called "Joeys." The Hopper also features a 2 terabyte hard drive (up to 2K hours of recording) and the ability to record up to 6 HD shows at once during prime.

**Upfronts:** **Nickelodeon** pres *Cyma Zarghami* referred to the net's ratings woes not once, but twice at its upfront presentation in NY Wed. Her message was clear: "We've been the #1 rated channel on cable for 17 years, and we are not planning on giving that up... Brands with real equity thrive during times of change." To be sure, Nick's moving ahead with 650 new eps of originals, including animated series like "The Legend of Korra," "Monsters vs. Aliens," "Robot & Monster" and a stop-motion animated special, "It's a SpongeBob Christmas." New live-action series include "Marvin, Marvin," starring Internet sensation *Lucas Cruikshank*, a new movie in the "Fred" series, "Fred Goes to Camp," and a collaboration with UK pop group One Direction. Exec producer *Nick Cannon* graced the stage to talk up his production of Cinderella-inspired "Rags," and producer *Michael Bay* presented a 3D storyboard of his upcoming "Ninja Turtles" feature, to premiere in 2013 after Nick's CG-animated "TMNT" series comes out this fall. Also on deck: a new "Raving Rabbids" animated series, based on **Ubisoft's** popular Raving Rabbids video games. The net's also taking cues from telenovelas, specifically their daily format, said Zarghami—80 eps of the new **Nick at Nite** teen drama "Hollywood Heights" are in production, with *James Franco* already committed to a narrative arc. -- Over at **Hallmark**, **Crown Media Family Nets** pres/CEO *Bill Abbott* told reporters

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# BUSINESS & FINANCE

to expect a breakout year in '12/'13. **Hallmark Movie Channel** is nearing the 50mIn HH milestone and Hallmark Channel's '11 "Countdown to Christmas" campaign brought its single highest-rated day and weekend, he said. The net announced a slew of new programming this week (*Cfax*, 3/15), including "Home & Family," a 2-hour lifestyle series (premiering Q4) featuring celebrity guests and chefs, cooking, decorating and DIY projects. The net's currently searching for hosts. On the foray, Abbott said, "it's something we've always had a lot of confidence in... and felt strongly that Hallmark should be in the lifestyle space and should have a point of view."

**People:** **NAMIC** made it official Thurs, announcing *Nicol Turner-Lee* as its new pres/CEO (*Cfax*, 3/15). She'll begin her new post effective Apr 2. "I am honored to have the opportunity to lead NAMIC, with its over 30 years of history advocating for diversity in the cable and telecommunications industry," Turner-Lee said in a statement. "I look forward to continuing their legacy and ensuring that we serve the needs of the companies and professionals in this space." -- *Amy Levine* is leaving her role as sr counsel & legal adviser to the **FCC** chmn, moving outside the DC area. *Charles Mathias* of Wireline will serve on an interim basis as acting legal adviser. -- **Bright House Sports Net** adds *Ray Goodrich*, formerly of **Fox Sports South**, as managing editor.

## CableFAX Daily Stockwatch

Company	03/15 Close	1-Day Ch	Company	03/15 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	47.34	(0.47)	CONCURRENT:	3.59	0.05
DISH:	31.83	0.45	CONVERGYS:	12.90	0.41
DISNEY:	43.47	(0.01)	CSG SYSTEMS:	16.06	(0.03)
GE:	20.16	0.37	ECHOSTAR:	28.74	0.10
NEWS CORP:	20.43	0.15	GOOGLE:	621.13	5.14
<b>MSOS</b>					
CABLEVISION:	14.85	0.12	HARMONIC:	5.35	(0.26)
CHARTER:	63.49	0.38	INTEL:	27.75	0.29
COMCAST:	29.80	0.01	JDSU:	14.15	0.45
COMCAST SPCL:	29.21	(0.03)	LEVEL 3:	26.60	1.67
GCI:	10.57	0.14	MICROSOFT:	32.85	0.08
KNOLLOGY:	18.23	(0.02)	MOTOROLA MOBILITY:	39.60	(0.09)
LIBERTY GLOBAL:	50.92	(0.34)	RENTRAK:	20.05	(0.11)
LIBERTY INT:	19.17	0.19	SEACHANGE:	7.90	0.04
SHAW COMM:	20.20	(0.16)	SONY:	21.75	0.16
TIME WARNER CABLE:	79.77	(0.83)	SPRINT NEXTEL:	2.80	0.03
VIRGIN MEDIA:	24.49	(0.24)	THOMAS & BETTS:	72.03	0.03
WASH POST:	399.90	4.63	TIVO:	11.61	0.34
<b>PROGRAMMING</b>					
AMC NETWORKS:	44.00	(2.04)	UNIVERSAL ELEC:	19.62	0.06
CBS:	31.52	0.09	VONAGE:	2.35	0.12
CROWN:	1.38	0.05	YAHOO:	14.88	0.26
DISCOVERY:	47.87	(0.04)	<b>TELCOS</b>		
GRUPO TELEVISA:	21.15	0.25	AT&T:	31.64	0.19
HSN:	37.41	(0.16)	VERIZON:	39.54	0.07
INTERACTIVE CORP:	48.82	(0.28)	<b>MARKET INDICES</b>		
LIONSGATE:	13.30	(0.19)	DOW:	13252.76	58.66
LODGENET:	3.50	(0.08)	NASDAQ:	3056.37	15.64
NEW FRONTIER:	1.27	(0.02)	S&P 500:	1402.60	8.32
OUTDOOR:	7.85	0.16			
SCRIPPS INT:	47.17	0.13			
TIME WARNER:	35.84	(0.14)			
VALUEVISION:	1.83	(0.01)			
VIACOM:	52.62	(0.68)			
WWE:	8.83	(0.07)			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.32	0.03			
ALCATEL LUCENT:	2.41	0.02			
AMDOCS:	30.97	0.43			
AMPHENOL:	57.73	0.41			
AOL:	18.08	0.18			
APPLE:	585.56	(4.02)			
ARRIS GROUP:	11.13	0.01			
AVID TECH:	10.71	0.05			
BROADCOM:	37.75	0.90			
CISCO:	19.91	(0.28)			
CLEARWIRE:	2.15	(0.04)			

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# PROGRAMMER'S PAGE

## It's a Mad, Mad World... Finally

Does absence *really* make the heart grow fonder? **AMC** execs are about to find out as those arrogant, masogonistic and yet strangely loveable hucksters of "Mad Men" return to the airwaves Mar 25 after a nearly 18-month siesta sponsored by—and we'll paraphrase *Jon Hamm* on this one—billionaires fighting over money. Truth be told, it was mostly *millionaires* fighting, but Hamm's an actor not an accountant, so let's cut him some slack. One thing's for sure: With contracts signed and the show's 2-hr premiere imminent, the Mad stakeholders are all smiles and ready to tell us what *Don Draper* was smoking in last season's finale when he suddenly proposed to his secretary after a courtship that, for all practical purposes, lasted a single weekend—and fittingly took place within the fantastical realm of Disneyland. What went through Hamm's mind when showrunner *Matthew Weiner* told him about the... engaging twist? "Is this some kind of weird fakeout?," Hamm recalled thinking as he discussed the upcoming season at a cast Q&A at the **Paley Center's** annual "PaleyFest" Tues in L.A. "Is he going to cut it as some kind of dream sequence?" He didn't, although Hamm may have said too much Tues when he told fans to remember that "we got engaged," not married. Hmmm... Meanwhile, Weiner confirmed that *Mad Men* will conclude after 7 seasons. Period. "We don't want to overstay our welcome," he said, adding that he knows exactly how the series will end (even though he won't tell us). Weiner also had high praise for the actors, crediting their interpretations of his words as key to the show's success. But he couldn't resist a zinger. "It's not the hardest job in the world," he said. "It's not as hard as writing." Don't be fooled: Creating a show so beloved by both critics *and* fans isn't easy for anyone, whether they're writers, actors, producers or even billionaires. But on Mar 25, the world will rejoice as Don, Roger, Pete, Betty, Joan and all the rest transport us once again to a simpler time when men were men, women were women, and scotch was lunch. *MG*

**Reviews:** "Frozen Planet," premiere, Sun, 8p, **Discovery**. Another award-winning, beautifully photographed nature co-venture with **BBC**, emphasizing the Earth's polar regions. -- On the other end of the thermometer is **USA's** "Fairly Legal," whose 2nd season premieres Fri, 9p. An entertaining procedural, "Fairly's" most potent heat source is *Sarah Shahi* as lawyer Kate Reed. Simply put, the camera adores Ms. Shahi, making it nearly impossible to take your eyes off her. -- "26 Years: The Dewey Bozella Story," Thurs, 8:30p ET, **ESPN**. This terrific story about a wrongly imprisoned but highly principled boxer will be savored by sports fans and non-sports fans alike. -- "Hollywood Girls Night," Sun, 9pm, **TV Guide Network**. This celeb dinner party show has an air of authenticity that is surprising. There's something endearing about watching *Ali Landry* on the phone with mom learning how to make gumbo or *Ali Sweeney* revealing that Altoids are all over soap sets. Sun's ep takes place over a barbeque and focuses on spring.

Basic Cable Rankings (3/5/12-3/11/12) Mon-Sun Prime			
1	USA	2.3	2264
2	DSNY	1.7	1653
3	FOXN	1.6	1581
3	HIST	1.6	1572
5	TBSC	1.5	1505
6	A&E	1.3	1324
7	TNT	1.2	1220
8	HGTV	1.1	1060
8	ESPN	1.1	1059
8	DSE	1.1	78
11	FX	1	991
11	LIFE	1	951
11	ADSM	1	949
14	FOOD	0.9	914
14	MTV	0.9	903
14	DISC	0.9	871
14	NKJR	0.9	675
18	SYFY	0.8	825
18	FAM	0.8	812
18	TLC	0.8	783
18	MSNB	0.8	773
18	AMC	0.8	750
18	TRU	0.8	734
24	TVLD	0.7	722
24	SPK	0.7	683
24	CMDY	0.7	641
24	BRAV	0.7	641
24	ID	0.7	556
29	NAN	0.6	646
29	BET	0.6	545
29	HALL	0.6	518
29	OWN	0.6	446
33	CNN	0.5	525
33	APL	0.5	486
33	VH1	0.5	447
33	LMN	0.5	446
33	NGC	0.5	378
38	EN	0.4	431
38	TRAV	0.4	352
38	ESP2	0.4	347
38	OXYG	0.4	315
38	WE	0.4	289
38	DXD	0.4	282
38	H2	0.4	260
38	NKTN	0.4	231
46	HLN	0.3	326

\*Nielsen data supplied by ABC/Disney



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