

# CableFAX Daily™

Thursday — March 21, 2013

What the Industry Reads First

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## McDowell's Exit: Republican's Resignation Only Fuels Chairman Speculation

Wed was a day of departures at the **FCC**, but the one everyone has been waiting on for months didn't happen. Instead of chmn *Julius Genachowski* giving his notice, Republican commish *Robert McDowell* used the open meeting to announce his departure in a "few weeks." And since all things FCC these days revolve around Genachowski's expected exit, the news revived the theory that with McDowell out of the way, the chmn is free to depart since it would leave the Commission with a 2-1 Democratic majority. A reporter asked Genachowski at a press conference following the meeting if he had plans to announce his resignation. "Today is Rob's day," the chmn said. "No news to report, and I have nothing to announce." (We hear Vegas has 3 to 1 odds on Genachowski announcing his departure after the **NAB** Show and former **NCTA** chief *Tom Wheeler* taking the post...) Despite the nonstop chmn guessing, McDowell did get his day Wed, with fellow commissioners, lawmakers and execs heaping on the praise. "To paraphrase Monty Python, I'm not dead yet," McDowell quipped after the commissioners finished making public statements. Genachowski called him a "great partner" on the Commission who is "deeply knowledgeable about the growing communications and technology sector." *Mignon Clyburn* summed him up as both "a trusted ally and at times a worthy adversary." *Ajit Pai*, the Commission's other Republican, praised McDowell for being among the 1st to sound the alarm about intl threats to Internet freedom (after teasing him about his affinity for Duke basketball). As for what's next, McDowell said he had no plans other than to take his family on a much-needed vacation. He has been on the job for nearly 7 years, appointed first by *George W. Bush* in '06, and again by President *Obama* for a term that doesn't end until '14. "This is not a time for farewells, I'm just announcing my plans to step down sometime soon," McDowell said, after thanking God, family, friends and others. He assured reporters he would be talking to the FCC's chief ethics officer to make sure his departure is in full compliance with ethics rules. **C-SPAN's** "Communicators" program is especially timely this week as McDowell is the guest (debuts Sat, 6:30pm). He was asked about potential turnover at the Commission in the interview, which was taped earlier this week. "The past 6 years have flown by very quickly. We shall see," he said, in a preview made available to **CableFAX**. "I get asked this question every couple years... I'm openly thinking about what to do next. I have thought about it several times, what comes after the Commission. As a limited govt person, I don't think we should stay in these positions forever. But at the same time, I love my job. That's part of what's keeping me here, and we have a lot of important work to do." McDowell also talked about the FCC's role in violence in media, an important issue to **Sen Commerce** chmn *Jay Rockefeller* (D-WV). "From a constitutional perspective, violence becomes very sticky. What is violence? Is a hockey game violent? Is a cartoon violent? Is the evening news violent?" he said. "The answer could be yes to all those. There is a 1st Amendment issue there in terms of what the govt can do. The FCC has no statutory authority to regulate violence, only indecency, and that's a different standard and that's only over broadcast TV and radio." Visit **CableFAX.com** for reaction from **NCTA**, **NAB** and others.

**Sports Deals:** The "Catholic 7," which announced a breakaway from the **Big East** in Dec, became the "Catholic 10"

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with a 12-year rights deal with **Fox Sports**. Multiple reports have valued the deal at \$500mln. As expected, the 7 non-football schools added **Xavier, Butler and Creighton** to the list. "Today we relaunch the Big East... We go back to being a basketball-centric league," said Rev *Brian Shanley*, pres, **Providence College**, at a press conference Wed. The conference might expand to 12 teams (**St. Louis** and **Dayton** have been rumored as potential candidates) but "whether and how we get to 12 is negotiable between us and our partners," Shanley said. The conference is in active discussions with numerous schools, he acknowledged. "We are 10 for next year. We know that for sure," he said. Xavier and Butler's departure from the **Atlantic 10** leaves the conference with 12 teams next season. Wed's announcement came a day after the football-playing Big East schools, which will rebrand under a new name, signed a rights deal with **ESPN** through the '19-'20 season. The Fox contract starts with the '13-'14 academic year and grants Fox Sports rights to all conference-controlled men's basketball games, select rights to women's basketball, all Olympics sports and rights for highlights and to product ancillary programming. In addition, the deal can be extended to other sports, said *Randy Freer*, Fox Sports co-pres/COO. Fox will be considering non-basketball sports like baseball, he said. As part of the deal, **FOX Sports 1**, FOX Sports' newly minted national multi-sport channel which launches this summer, will televise more than 100 men's regular-season basketball games next season. The net is also scheduled to carry the entire Big East Men's Basketball Tournament each season, live from Madison Square Garden. The deal also comes with "a full array of TVE" rights, Freer said. The next step for the newly restructured Big East will be finding a commish. -- It's been a busy sports deals week. **ESPN** reached a 7-year multiplatform rights deal with **Mountain West** that starts from the '13-'14 season. The deal includes exclusive worldwide rights to televise up to 16 Mountain West football games plus every Boise State home game and up to 31 conference-controlled men's basketball games annually. As part of the deal, **ESPN, ESPN2** or **ABC** will televise a minimum of 3 Boise State football home games nationally.

**Carriage:** **DirectTV** inked a renewal with **Univision** that includes its O&O stations as well as network feeds for Univision and **UniMás**, as well as Spanish-language cable net **Galavisión**. In addition, DirecTV will launch sports-oriented **Univision Deportes Network**, telenovelas net **Univision tlnovelas**, and news net **ForoTV**. The deal also includes comprehensive TVE rights. -- **Sportsman Channel HD** was launched in parts of **Comcast Cable** markets in MI and IN.

**Another FCC Departure:** *Robert McDowell* wasn't the only person getting a send-off at the **FCC** Wed. Chmn *Julius Genachowski* announced his chief counsel and sr legal adviser *Sherrese Smith* is leaving. Smith is the last remaining member of his original team of legal advisers. "Sherrese's expertise in media, cable and broadcast issues is unmatched in the industry, and her list of accomplishments over the past four years is remarkable," the chmn said, specifically calling out her work on closing the terrestrial loophole and broadcast spectrum issues in the incentive auctions.

**Googlism:** **Google Fiber** is coming to Olathe, KS. The city council approved an agreement Tues for the service. Google still has "a lot of planning and engineering work to do" before it is ready to deploy, the company said in a blog post. The announcement doesn't change its previously announced construction schedule for eligible homes in Kansas City, KS, and Central Kansas City, MO, Google said. The company started accepting orders in Kansas City, MO, last month.

**Research:** US multichannel subs grew slightly in 4Q and full year '12, said an **SNL Kagan** report. The small gain brought the total to just over 100mln. In total, ops added 51K new subs in 4Q. Events that continue to impact the pay-TV market includes "persistent high unemployment and other macroeconomic weights along with widespread disruption to East

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It's that time of year again. Ok, it is really 6 months early, but this year **CableFAX** is shaking it up!

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Coast systems from Hurricane Sandy,” the report said. However, the modest 4Q and full-year sub growth suggests the segment isn't rebounding with the broader economy and customer acquisition is lagging the rebounding housing market, it said.

**Honors:** **NBC Sports Group**, which includes **NBC, Golf, NBCOlympics.com, NBC Sports Net** and more, led the Sports Emmys nominations with 58. **ESPN** (and its associated nets, including **ABC**) garnered 43, followed by **Turner Sports**' 27. By individual net, NBC had the most nods (36), with ESPN (23) and **HBO Sports** (17) rounding out the top 3.

**Best of Web:** Congrats to all the **CableFAX Best of Web** winners, who were revealed at our luncheon in NYC Wed. Also recognized were our “Digital Hot List” and “15-to-Watch.” See the complete list of winners here: <http://www.cablefax.com/cfp/events/bow2013/winners/>

**People:** **Scripps Networks Interactive** hired *Karen Bronzo* as pres, ad sales marketing for **HGTV** and **DIY Network**, and *Catherine Moran*, as vp, ad sales marketing for **Travel Channel** and **Great American Country**. The net also upped *John Dailey* to svp, ad sales for the northeast region, home category, *Michele Kornett* to vp, ad sales, NY office, home category, and *Rob Latorre* to vp, ad sales, NY office, food category. -- **E!** and **Esquire Net** hired **OWN** exec *David Gleason* as svp, research.

## CableFAX Daily Stockwatch

Company	03/20 Close	1-Day Ch	Company	03/20 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	55.33	0.50	CONVERGYS:	17.19	0.23
DISH:	36.48	1.81	CSG SYSTEMS:	19.81	0.12
DISNEY:	56.94	0.63	ECHOSTAR:	38.00	(0.86)
GE:	23.46	0.14	GOOGLE:	814.71	3.39
NEWS CORP:	30.38	0.38	HARMONIC:	5.82	0.08
<b>MSOS</b>					
CABLEVISION:	14.81	0.24	INTEL:	21.18	0.04
CHARTER:	105.77	5.39	JDSU:	14.30	(0.02)
COMCAST:	40.98	0.85	LEVEL 3:	20.42	(0.07)
COMCAST SPCL:	38.94	0.86	MICROSOFT:	28.32	0.14
GCI:	8.73	(0.03)	RENTRAK:	21.00	0.03
LIBERTY GLOBAL:	69.99	1.88	SEACHANGE:	11.87	(0.02)
LIBERTY INT:	21.44	0.12	SONY:	17.71	0.54
SHAW COMM:	24.43	0.17	SPRINT NEXTEL:	6.03	UNCH
TIME WARNER CABLE:	95.62	1.48	TIVO:	12.64	0.15
VIRGIN MEDIA:	46.89	0.86	UNIVERSAL ELEC:	23.25	0.18
WASH POST:	443.10	1.76	VONAGE:	2.81	0.03
<b>PROGRAMMING</b>					
AMC NETWORKS:	61.31	0.24	YAHOO:	22.09	(0.07)
CBS:	46.28	0.53	<b>TELCOS</b>		
CROWN:	2.00	(0.03)	AT&T:	36.19	0.05
DISCOVERY:	78.96	1.18	VERIZON:	48.60	(0.35)
GRUPO TELEVISIA:	26.18	0.40	<b>MARKET INDICES</b>		
HSN:	55.72	0.91	DOW:	14511.73	55.91
INTERACTIVE CORP:	44.08	1.09	NASDAQ:	3254.19	25.09
LIONSGATE:	22.75	0.39	S&P 500:	1558.71	10.37
OUTDOOR:	8.77	0.04			
SCRIPPS INT:	65.38	0.39			
STARZ:	21.12	0.77			
TIME WARNER:	56.36	0.88			
VALUEVISION:	3.33	0.06			
VIACOM:	63.67	0.67			
WWE:	8.61	(0.04)			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.32	0.04			
ALCATEL LUCENT:	1.47	UNCH			
AMDOCS:	35.86	0.10			
AMPHENOL:	73.16	0.81			
AOL:	34.50	0.16			
APPLE:	452.08	(2.41)			
ARRIS GROUP:	17.55	0.30			
AVID TECH:	6.94	0.09			
BLNDER TONGUE:	1.38	UNCH			
BROADCOM:	35.17	0.55			
CISCO:	21.67	0.15			
CLEARWIRE:	3.23	(0.01)			
CONCURRENT:	7.71	0.18			

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## A Roku Game Changer?

Commentary by Steve Effros

The answer is yes, and no. The new Roku 3 box is something that most folks in management positions in the cable industry ought to buy and play with. The last time I made a suggestion like this was when little DBS dishes were first introduced in the market back in the 1990s. I think this new little IP set-top box is very impressive, especially with its newly acquired speed and navigation capabilities. It's going to change the game, somewhat, but that may all be to the better.



Let's start with a simple explanation. Roku (like Boxee, or Apple TV or Google TV) makes a box that attaches to your TV set. It also attaches, either by wire (an Ethernet port) or wirelessly (WiFi) to your home

broadband system. It acts as a portal for programming offered by others. Roku doesn't aggregate a program package. Roku has just focused on the box and ease of use, and the third iteration of their design has hit several "sweet spots" in my opinion.

To begin with, the WiFi connection, which I use, is far and away better than the one in the high-end Roku 2 box, which I also have. Whether they just used a better version or improved the antenna, I don't know, but it works a whole lot better. Then there's the speed. They've put in a new chip which reportedly is five times faster, and boy does it show! Navigating and downloading are no longer painful processes that you had to cross your fingers hoping would work. So far, I've had no glitches, no freezes, no "buffering" screens in the middle of a movie. It's pretty remarkable.

And then there's the navigation. Of course the basic navigation is just like "apps" on a smart phone. Want to go to TED? Press the TED logo. Want to go to Ama-

zon Instant? Press the logo. HBO-Go? Same thing. Now granted, setting it all up, at least for those applications that require authentication, is a hassle. You really need a computer or iPad type device sitting next to you to go one company at a time and enter codes that show up on the screen. We have to do better, and there are new technologies out there that will solve this part of it. But once you have established that you have a Pandora account, or an HBO subscription, or you're a member of Amazon Prime or whatever, then it's automatic from there on in. Just press the logo and off you go.

The "future" of navigation is also on display. It's a basic name search that apparently searches (think Google or Yahoo or Bing) all of the "applications" you have added to your Roku screen, the free ones and the subscription ones, and tells you where that particular movie or program is available on all of them. And the price! Just click on the searched item, whichever one you want, and it navigates to that "app" and opens it to the program you asked for. Pretty neat. As a matter of fact, very neat. And now Time Warner Cable has decided to send its 300 channels of programming through to TWC subscribers who have a Roku box as well. There are lots of technical misunderstandings of how they do that, how this all works (or doesn't) with high-volume "streaming," or "OTT," whether it can really work, and what the implications are. I'll get to those in another column. For now, try this thing out.

*Steve*

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