

# CableFAX Daily™

Friday — April 5, 2013

What the Industry Reads First

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## World Domination: DNI Outlines Growth Strategy as Global Cable Programmer

Before **Discovery** presented its upfront to advertisers Thurs eve, top brass from the company's intl division made it clear they have world domination of cable programming in their sights. The company "will be the largest cable programmer—outside the US—in the world," Discovery Comm pres/CEO *David Zaslav* told a room full of reporters in NYC Thurs morning, given the company's investment in Eurosport, the acquisition of Switchover in Italy and the soon-to-close purchase of SBS Nordic. So where is it headed to next? "We look at Western Europe as the emerging market," Zaslav said, calling it "an aggregate market." In terms of expansion in the area, "we have no fear," he said. In 4Q, time spent viewing Discovery's channels outside the US was up 25%, according to Zaslav, with **DNI** pres/CEO **Mark Hollinger** growing the business more than 15% within economically strained markets. And while the growth in market share outpaced the growth in ad sales, the execs are far from worried. "We're investing in our future," Zaslav said, and recent acquisitions and investments "reinforce our overall strength and scale." The primary rationale behind the deals Discovery has made in the past 2 years is this: "We can be more than a factual pay TV business," Hollinger said. And part of that has included adapting a free-to-air strategy. In the European market, pay TV has begun to slow, he said, and while the company will keep pay TV strong, it has and will continue to look at each intl market individually and determine in what capacity to embrace free-to-air channels. Take Italy, which has 6 free channels and 6 pay channels—and is the company's 3rd largest market internationally. The dual revenue stream model is attractive because it's "not wholly dependent on advertising," Hollinger said. Speaking on the company's overall growth strategy Zaslav said, "we're really different from most media companies" that hold and build brands, in that Discovery launches far more networks and invests in far more brands. The same holds true internationally. Today the company announced that **OWN** is launching a programming block in the UK to air on the soon-to-launch **TLC**. Moreover, **TLC HD** is now available in Poland and **Discovery Kids** has hit the 20mln sub mark in Asia. Key tenets of the international programming strategy include a model of shared content and embedding staff locally within each market. Having local ad sales teams allows the company to "take advantage of local ad sales dollars" and develop relationship—as well as partnerships—with its affiliates, Hollinger said. Read about US plans in the "Upfronts" section below.

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SOURCE: NIELSEN MEDIA RESEARCH (LIVE+SD, AA PROGRAM REACH (6 MIN QUALIFIER). 3/30/2013, SA 8P-6A. UNDUPLICATED TOTAL VIEWERS: P2+), TRENDRR.TV (3/30/2013. RANK EXCLUDES SPORTS)

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**Deals: BCI Broadband** is growing some more. The same day it completed its previously announced acquisition of **Allegiance** cable systems in the Midwest (*Cfax*, 1/15), it announced a definitive agreement to acquire all of the assets of *James Cable*. The deal is expected to close mid-year. BCI is a partnership between former **Bresnan** execs, including pres/CEO *Jeff DeMond* and evp/CFO *Andrew Kober*, and **BBH Capital**, a private equity fund sponsored by **Brown Bros Harriman & Co**. Whether BCI will be the consumer-facing brand remains to be seen, with DeMond telling us the company is getting ready to embark on a branding exercise. As BCI works at upgrading and integrating the systems (most James and Allegiance employees will remain), it will keep an eye out for other potential acquisitions. "We're really not wed to traditional cable systems. We're looking more broadly at broadband opportunities," he said. "That could cover metro fiber companies, CLECs, small telephone companies as well as traditional cable operators. There are quite a few very nice communities served by any one of those, including independent cable television operators that run a nice business, but don't have the scale to continue to compete or they're family owned and there's no heir apparent or whatever it is." James Cable has been on the market before, almost being sold to **Broadstripe** in '07 (Broadstripe eventually filed for bankruptcy and was acquired by **WOW!** and **Wave Broadband** in '11). James, currently operating under the name **Mediastream**, has systems passing less than 130K homes in OK, TX, LA, TN, GA, WY and CO. Allegiance passes more than 150K homes and has about 50K customers in AR, KS, TX and OK. James is owned by NY-based asset manager **GoldenTree**. **Waller Capital Partners** served as exclusive financial adviser to GoldenTree and James on the deal. Waller also was the exclusive financial adviser to Allegiance on its sale to BCI.

**Zas on Streaming:** Addressing **Discovery's** streaming strategy, chief *David Zaslav* noted that while the deals made with **Netflix** and **Amazon** in the US initially brought on "trepidation" at the prospect of creating a new window, "we haven't seen any degradation of our audience." "It's incremental dollars" and therefore financially beneficial. That being said, "we're still fully committed to dual revenue stream as a company," said Zaslav. But international is another story. Hollinger noted that the national SVOD deals Discovery has made won't be happening overseas any time soon, given that markets outside the US "don't have anything near that scale... this is still primarily a pay TV company," he said. Will Discovery consider direct-to-consumer models? Zaslav assured reporters that the pay TV business is "very healthy" and given that 50% of the company's revenue comes from subscribers, it won't "jump the shark" and go direct-to-consumer in a way that would jeopardize that business. In the future, however, he could see a moment in which it could happen, whether that would mean creating different brands or direct-to-consumer model in certain markets.

**Upfronts:** While keen on international, **Discovery Comm** still has plenty of upfront news stateside. Some highlights, network by network. **Discovery Channel:** The net continues to focus on 1st-ever mini, "Klondike," but it also has several new series in the works, including "Backyard Oil," oil men of the Appalachia help others find crude and "Naked and Afraid," a survival competition series. It is also focusing on live events, including "Wallenda Live," in which *Nik Wallenda* will traverse the Grand Canyon on a tightrope without a harness. **TLC:** For a more female-focused slate, head to TLC. Upcoming series include "Ballroom Blitz" (wt), features dance devotees focused on winning competitions (4Q), "My Teen Is Pregnant And So Am I" (3Q) and "Women of Homicide," following female homicide detectives (4Q). **Animal Planet:** With 20 returning series and ratings gains, Animal Planet is upping its originals. "Alaska Bush Family" (wt) looks at a family who lives off the grid, and "Clipped" is about a groomer who specializes in outrageous grooming transformations. **Science:** Fresh of its most-watched year ever, Science is debuting its 1st scripted dramatic feature, "73 Seconds: The Challenger Investigation" (Nov). **Military:** New original series "Against the Odds" tells the stories of an outnumbered group of soldiers who found themselves in life or death situations. **Destination America:** Celebrating its 1-year anniversary this year, Discovery's newest net adds pimped-out potty show "King of Thrones" and "Buying Alaska" spinoffs focused on the Bayou and HI. **ID:** Investigation Discovery announced its biggest public affairs campaign, "Inspire a Difference," designed to empower viewers to make an impact in their own communities. It's also readying its largest slate in net history, including newsmagazine "Deadline: Crime with Tamron Hall."

**Technology: Midcontinent** started deploying **TiVo** Premiere Q series DVRs. Rapid City and the Northern Black Hills area in SD will be the 1st markets, followed by MN, ND and the remaining SD markets in the coming months. The Q series DVR will serve as the entertainment hub for the home, enabling access to TiVo Mini, a companion IP set-top, and TiVo Stream. -- To help cable ops and programmers comply with federal CALM Act mandates, **SCTE** published a new



# BUSINESS & FINANCE

standards document, SCTE 197 '13. Entitled "Recommendations for Spot Check Loudness," the document provides best practices for measuring the audio content carried in a single programming channel of a program network. The standard provides guidelines for recording measured loudness and loudness metadata value.

**Programming:** Netflix will premiere the 4th season of "Arrested Development" May 26. All 15 eps will be available for subs at launch. -- **Comcast SportsNet** and **DC United** continued their 17-year partnership with a new 3-year agreement, which starts with the ongoing '13 Major League Soccer season. As part of the deal, the net will continue to be the official sports net of the team and televise at least 16 live games each season through '15. The deal also covers digital platforms. -- **BET Nets** licensed more than 100 eps of **Entertainment Studios'** sitcoms "The First Family" and "Mr Box Office" to run on **Centric** in prime beginning Apr 19. First Family is about an African American family in the White House, starring *Christopher Duncan* as Pres *William Johnson*. *Bill Bellamy* leads Mr Box Office, about a Hollywood star who gets into trouble and is sentenced to serve as a high school English teacher in South Central L.A. -- The legacy **Big East Conference's** got a new name: the **American Athletic Conference**. Once the '12-'13 sports seasons are over, the new name will run across all platforms.

## CableFAX Daily Stockwatch

Company	4/4 Close	1-Day Ch	Company	4/4 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BROADCASTERS/DBS/MMDS			CONVERGYS:	16.61	0.15
DIRECTV:	55.62	(0.47)	CSG SYSTEMS:	20.62	0.11
DISH:	36.99	0.32	ECHOSTAR:	38.24	0.34
DISNEY:	57.59	0.34	GOOGLE:	795.07	(11.13)
GE:	23.08	0.08	HARMONIC:	5.60	0.01
NEWS CORP:	30.68	(0.31)	INTEL:	21.14	0.09
<b>MSOS</b>					
CABLEVISION:	14.41	0.11	JDSU:	13.11	0.12
CHARTER:	104.55	2.27	LEVEL 3:	19.63	0.29
COMCAST:	42.12	0.30	MICROSOFT:	28.59	0.04
COMCAST SPCL:	39.76	0.26	RENTRAK:	21.30	0.39
GCI:	8.92	0.15	SEACHANGE:	11.51	0.23
LIBERTY GLOBAL:	74.45	0.03	SONY:	17.00	0.57
LIBERTY INT:	20.87	0.23	SPRINT NEXTEL:	6.21	0.05
SHAW COMM:	24.14	0.07	TIVO:	11.66	(0.1)
TIME WARNER CABLE:	97.47	0.85	UNIVERSAL ELEC:	23.02	(0.16)
VIRGIN MEDIA:	49.46	(0.05)	VONAGE:	2.88	0.05
WASH POST:	438.75	2.19	YAHOO:	23.52	0.14
<b>PROGRAMMING</b>					
AMC NETWORKS:	62.54	2.08	<b>TELCOS</b>		
CBS:	44.92	0.08	AT&T:	37.91	0.63
CROWN:	2.00	0.01	VERIZON:	49.30	0.31
DISCOVERY:	77.68	(0.36)	<b>MARKET INDICES</b>		
GRUPO TELEVISIA:	26.91	0.09	DOW:	14606.11	55.76
HSN:	54.13	1.92	NASDAQ:	3224.98	6.38
INTERACTIVE CORP:	44.57	(0.15)	S&P 500:	1559.98	6.29
LIONSGATE:	22.50	(0.18)			
OUTDOOR:	8.84	(0.07)			
SCRIPPS INT:	65.27	1.10			
STARZ:	20.76	0.21			
TIME WARNER:	58.27	0.17			
VALUEVISION:	3.45	0.14			
VIACOM:	63.85	0.95			
WWE:	8.91	0.06			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.31	0.01			
ALCATEL LUCENT:	1.41	0.13			
AMDOCS:	35.63	0.23			
AMPHENOL:	73.23	(0.09)			
AOL:	38.30	0.01			
APPLE:	427.72	(4.27)			
ARRIS GROUP:	16.75	0.24			
AVID TECH:	6.18	(0.06)			
BLNDER TONGUE:	1.08	(0.02)			
BROADCOM:	33.40	0.15			
CISCO:	21.04	0.01			
CLEARWIRE:	3.33	0.05			
CONCURRENT:	7.39	0.32			

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# PROGRAMMER'S PAGE

## All AXS Pass...

The love of risk has served *Mark Cuban* well over the years, but it's not why he's a billionaire. After all, most risk takers end up as road kill. Cuban's different because he quickly adapts to the marketplace and seizes opportunities, which is what he did last year when he got in bed with *Ryan Seacrest*, entertainment and sports powerhouse **AEG** and Hollywood super-agency **CAA** to re-launch HDNet as **AXS TV**. The jury's still out on whether Cuban's willingness to share the net with some powerful allies will ultimately boost its fortunes—but early indications are that he's going to have fun trying. Case in point: AXS TV's new live concert series featuring "the world's greatest tribute bands" and now working its way through L.A.'s famous Roxy Theatre on Sunset. The festivities began on Mar 4 with the live airing of Britain's Finest, a Beatles tribute act that even tackled the complexities of "Day in the Life" to perfection, if you can believe that. Since then, bands emulating The Rolling Stones and The Who have served up crowd favorites, all as the live AXS TV cameras rolled. The series is largely the brainchild of *Katie Daryl*, a longtime on-air host on HDNet and now the emcee for this tribute band extravaganza (she also helped organize the series). Festivities start again on Mon night. Upcoming tribute bands include those channeling AC/DC, The Doors, Elton John, Fleetwood Mac, Journey, Queen, U2, Van Halen and yes... even Metallica, headbangers. In a way, AXS TV is seizing on a live music trend. You'll recall that several cable veterans recently announced **ShowGo.tv**, which aims to stream shows from iconic clubs over the Internet. Could music—which was always a big part of HDNet even before it re-branded—become the next content battleground? Sure, that's a risk. But as we already mentioned, that's the way Mark Cuban likes it. — *Michael Grebb*

**Reviews:** "Mad Men," S6 premiere, Sun, 9p, **AMC**. Don Draper's duplicitous world emerges once again. And once again, showrunner *Matthew Weiner* has asked us not to tell you much about it. So just know this: Liquor gets imbibed, pot gets smoked, Peggy's (*Elisabeth Moss*) career catches fire, Roger (*John Slattery*) copes with an existential crisis and Don (*Jon Hamm*) heads down a darker path. Also, you won't see the twist coming at the end. We can't tell you more. Weiner would kill us. - *Michael Grebb* -- "Vice," premiere, Fri, 11p, **HBO**. There are several ways to view "Vice." The HBO docu-series is unique: it presents serious international affairs stories with a mixture of irreverence and brashness, befitting exec prod *Bill Maher*. It also reduces complex stories to brief, 10-minute segments, begging the question: do viewers lack the gravitas to watch serious TV for more than 600 seconds? Then there's the footage, which, at times is unsuitable for children and harrowing for adults. Still, Vice's stories are important and sometimes thrilling. -- "L.A. Frock Stars," Thurs, 8p, **Smithsonian**. Even Smithsonian is making reality TV. Fortunately, "Frock" is a mostly interesting and entertaining look at how vintage maven *Doris Raymond* acquires and sells clothing. The show sags when her staff acts quirky for the camera. -- "Forever Young," Wed, 10p, **TV Land**. Another reality series; this one mixes seniors and 20-somethings, mostly for amusement. - *Seth Arenstein*

Basic Cable Rankings (3/25/13-3/31/13) Mon-Sun Prime			
1	TBSC	2.4	2402
2	USA	2.1	2089
3	HIST	1.9	1894
4	DSNY	1.6	1616
5	A&E	1.5	1450
6	FOXN	1.3	1275
7	AMC	1.2	1198
8	ESPN	1.1	1121
9	TNT	1.0	1025
9	ADSM	1.0	943
11	HGTV	0.9	937
11	LIFE	0.9	859
11	FX	0.9	841
14	BRAV	0.8	779
14	NAN	0.8	770
14	FOOD	0.8	753
14	DSE	0.8	59
18	SYFY	0.7	712
18	DISC	0.7	707
18	TRU	0.7	668
18	FAM	0.7	660
18	BET	0.7	618
23	TLC	0.6	634
23	TVLD	0.6	585
23	MTV	0.6	580
23	CMDY	0.6	578
23	ID	0.6	506
23	LMN	0.6	476
29	SPK	0.5	514
29	MSNB	0.5	484
29	APL	0.5	454
29	HALL	0.5	428
29	NGC	0.5	384
34	ESP2	0.4	423
34	HLN	0.4	410
34	VH1	0.4	396
34	EN	0.4	359
34	NKJR	0.4	307
34	OXYG	0.4	283
34	GSN	0.4	279
34	H2	0.4	274
34	GMC	0.4	235
34	HMC	0.4	185
44	TRAV	0.3	327
44	CNN	0.3	326
44	DXD	0.3	260

\*Nielsen data supplied by ABC/Disney

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