

CableFAX Daily™

Thursday — April 7, 2011

What the Industry Reads First

Volume 22 / No. 066

Movie Mogul: DISH Moves Headlong Into Film Rentals Through Blockbuster

It took far less time than “127 Hours” for widespread conjecture to amass concerning what *Charlie Ergen* plans to do with **Blockbuster** after **DISH** agreed to acquire the movie rental company out of bankruptcy for approx \$320mIn. At DISH Wed, “The King’s Speech” on the deal was nonexistent, with no Ergen conference call given the need for court approval of the bankruptcy process. “With its more than 1,700 store locations, a highly recognizable brand and multiple methods of delivery, Blockbuster will complement our existing video offerings while presenting cross-marketing and service extension opportunities for DISH Network,” said DISH evp, sales, marketing and programming *Tom Cullen* in a release. As the deal follows DISH’s purchase of spectrum assets through **DBSD** and **EchoStar**’s planned acquisition of satellite broadband firm **Hughes Network Systems**, it appears a meaningful “Inception” of tech advancements is afoot at the DBS op. Yet conjecture reigns. “His grand plan is unclear,” said **Sanford Bernstein**’s *Craig Moffett* of Ergen. “But what does seem clear is that he is trying to fortify his business empire against the long-term risk of competitive foreclosure that the satellite TV business faces by virtue of its antiquated point-to-multipoint delivery infrastructure.” Indeed, DISH felt “The Winter’s Bone” in 4Q when its net sub losses accelerated to 156K, which Moffett said marked the company’s worst quarterly sub performance in history. **Wells Fargo Securities**’ *Marci Ryvicker* maintained her ‘outperform’ rating on DISH shares despite the disappointing 4Q results due to a belief that Ergen “is positioning DISH to benefit from alternative distribution methods longer term.” And on Wed she viewed the Blockbuster deal positively, as “one more ‘hint’ that Charlie Ergen is setting DISH up to provide (some) content via server/internet versus satellite.” Ryvicker said “the most valuable ‘extension opportunity’ for DISH lies within Blockbuster’s digital business, which rents movies to customers on an a la carte basis through the internet similar to **Netflix** and content rights, which DISH could use to start a robust on-demand library.” **Collins Stewart**’s *Thomas Eagan* agreed DISH could create another Netflix-type service with Blockbuster content, and also noted how the DBS op could benefit as “The Fighter” against competition such as **DirectTV** by offering free DVD and streaming to new subs. “That said, there would be limitations to either strategy: the studio deals with Blockbuster are likely to be short-termed and may not be renewed; the streaming rights are likely shallow, in terms of number of titles; and DISH may lack the fulfillment infrastructure needed to distribute the titles,” said Eagan, who has a ‘buy’ rating on DISH. Moffett owns serious doubts that “The Kids Are All Right” where Blockbuster’s concerned. The deal “presents meaningful risk in that Blockbuster’s business is a rapidly melting ice cube, and it is entirely possible that it becomes a drain on [DISH’s] cash flow going forward.” Still, Ergen is arguably showing “True Grit” in both his recent acquisitions and refusal to chase subs through steep discounting (*Cfax*, 2/25), as well as a keen recognition of “The Social Network” rapidly developing between Americans and broadband content. But now, armed with a movie distribution play, what will DISH’s new storyline include? The company’s shares were flat Wed.

iPad Fever: Cablevision’s free iPad TV-watching app has surpassed 50K downloads since it was added to the

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefaxdaily.com ● fax: 301.738.8453 ● Editor-in-Chief: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Exec Editor: Michael Grebb, 301.354.1790, mgrebb@accessintel.com ● Senior Online Editor: Chad Heiges, 301.354.1828, cheiges@accessintel.com ● Asst VP, Ed Director: Seth Arenstein, 301/354-1782, sarenstein@accessintel.com ● Publisher: Debbie Vodenos, 301.354-1695, dvodenos@accessintel.com ● Assoc Publisher: Amy Abbey, 301.354.1629, aabbey@accessintel.com ● Marketing Dir: Carol Brault, 301.354.1763, cbrault@accessintel.com ● Prod: Joann Fato, 301.354.1681, cdaily@accessintel.com ● Diane Schwartz/VP and Group Publisher ● Subs/Client Services: 301.354.2101, fax 301.309.3847 ● Group Subs: Carol Brault, 301.354.1763, cbrault@accessintel.com

Apple store on Sat. It has been the most popular app in the Apple App store's Entertainment category since Sun and is currently the 10th most popular free iPad app overall. **Time Warner Cable**, which has 12mln+ basic subs vs Cablevision's 3mln, has seen its iPad app downloaded by more than 360K times.

At the Portals: A letter released today by more than 100 economists endorses the **FCC's** idea for incentive auctions to free up spectrum. "I thank the economists here today for voicing their support for incentive auctions, and hope their endorsement will fuel bipartisan momentum to add this critically important tool to the Commission's toolbox," FCC chmn **Julius Genachowski** said at a White House event on spectrum Wed. Repeating its mantra that truly voluntary auctions are OK, **NAB** said, "We would remind our economist friends that broadcasters returned more than a quarter of the spectrum held by TV broadcasters less than 2 years ago, and that those airwaves have yet to be fully deployed."

Carriage: **FiOS TV** expanded its affil agreement with **Starz Ent** to include SD and HD carriage of **Starz** and **Encore**, the nets' VOD offerings and SD/HD distribution of **Movieplex** and **Movieplex On Demand**.

In the States: **Grande Comm** launched a broadband service offering speeds of 65Mbps in San Marcos, TX, and will launch the service in Austin and San Antonio next month. -- **Rentrak** expanded its national measurement deal with **Nat Geo** to include **Nat Geo Wild** and **Nat Geo Mundo**.

Advertising: **Invision** now enables the sales of **Canoe Ventures'** iTV marketing solutions through its DealMaker Ad Sales System. Invision has relationships with customers representing more than 45 media outlets such as **Comcast**, **NBCU**, **Sony Pictures TV** and **Univision**. -- **TRA** will integrate **NDS Dynamic Audience Measurement** data into its TRAnalytics media measurement and analytics software to enable advanced reporting and analysis of ROI for advertisers, agencies, networks and platform operators. The NDS data offers measurement data to pay TV platforms that includes linear platforms and time-shifted and interactive usage. -- **MLB Advanced Media** tapped **Auditude** for ad serving and monetization tech across all its digital properties and devices, creating opportunities for live streaming, VOD and mobile content.

OTT: **Netflix** inked a deal with **Lionsgate** to provide streaming access to the 1st 4 seasons of "Mad Men" beginning July 27. Additional seasons will be added annually after airing on **AMC**.

Upfronts: **Ovation** upped its hip factor with the acquisition of the off-net rights to season 6-8 of Fox's "So You Think You Can Dance." It'll debut on the net in Aug.

Programming: **Glenn Beck** intends to "transition off" his popular, daily program on **Fox News** later this year. Fox and Beck's production company **Mercury Radio Arts** will work to develop and produce a variety of TV projects for Fox News as well as content for other platforms, including Fox News' digital properties. -- Reality TV queen **Bravo** has a scripted series in development produced by **Lionsgate**. "Face Down" follows a "charming and irresistibly" flawed make-up artist who deals with famous clients, a complicated ex-wife, wildly eccentric parents and a long overdue nervous breakdown. A week after its upfront, the net announced 7 other series in development, including "Gallery Girls," which follow 20-something women who work in hip NYC art galleries. -- **Jennifer London** of **NBC** fame has joined "**HDNet World Report**" as a full-time correspondent. -- **TLC** will host a live viewing party from Times Square for the Royal Wedding, Apr 29. Activities include a "Say Yes to the Dress" fashion show and a performance

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BUSINESS & FINANCE

by Colbie Caillat. -- **Adult Swim** picked up animated series "Black Dynamite" ('12), based on the comedic feature film following an ex-CIA out to avenge the death of his brother against kung-fu masters, drug-dealing pimps and The Man. -- **WE tv** acquired the non-exclusive cable rights to "Frasier" (Fri), "Roseanne" ('12) and "Will & Grace" ('13).

Honors: **ESPN** (12) and **Turner** (11) lead all nets and distributors in **NAMIC** Vision award nominations. **NAMIC** is transitioning the recognition to an online event and will post 60-sec clips of winning entries in each of 16 categories starting in May at www.namic.com. Also new this year is the **NAMIC** Members' Choice Award.

On the Circuit: In somewhat of a departure for **SCTE**, San Diego State Univ prof of educational technology *Allison Rossett* will keynote its Chapter Leadership Conference with a presentation on e-learning, Apr 13-14, Tampa. She'll also moderate a panel with chief learning officers from **Time Warner Cable**, **Comcast** and **Suddenlink**. -- **Scripps** pres/CEO *Ken Lowe* and **Sanford Bernstein's** *Craig Moffett* will deliver lectures during the sold-out **CTAM U** Cable Executive Mgmt at Harvard Business, June 5-10, Boston.

People: **MTV** upped *Stephen Friedman* to pres. -- *Russell Schwartz* joined **Starz Ent** as svp, business and legal affairs.

CableFAX Daily Stockwatch

Company	04/06 Close	1-Day Ch	Company	04/06 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	46.60	(0.32)	BLNDER TONGUE:	2.29	0.09
DISH:	24.32	0.01	BROADCOM:	39.95	1.50
DISNEY:	42.27	(0.16)	CISCO:	18.07	0.85
GE:	20.55	0.22	CLEARWIRE:	5.94	0.04
NEWS CORP:	18.65	(0.14)	CONCURRENT:	6.18	(0.01)
MSOS					
CABLEVISION:	33.73	(1.14)	CONVERGYS:	14.47	0.02
CHARTER:	55.49	2.61	CSG SYSTEMS:	20.37	0.36
COMCAST:	24.83	(0.33)	ECHOSTAR:	36.88	0.90
COMCAST SPCL:	23.34	(0.31)	GOOGLE:	574.18	5.09
GCI:	11.46	0.32	HARMONIC:	9.83	0.09
KNOLOGY:	14.00	0.11	INTEL:	19.95	0.24
LIBERTY CAPITAL:	76.35	2.01	JDSU:	19.58	0.43
LIBERTY GLOBAL:	42.70	0.34	LEVEL 3:	1.47	0.02
LIBERTY INT:	16.66	0.02	MICROSOFT:	26.15	0.37
SHAW COMM:	21.45	0.14	RENTRAK:	26.99	(0.01)
TIME WARNER CABLE:	72.47	0.16	SEACHANGE:	10.78	0.68
VIRGIN MEDIA:	27.70	0.01	SONY:	30.56	(0.55)
WASH POST:	447.12	7.16	SPRINT NEXTEL:	4.64	0.09
PROGRAMMING					
CBS:	24.51	(0.52)	THOMAS & BETTS:	60.43	(0.57)
CROWN:	2.36	(0.02)	TIVO:	9.04	0.02
DISCOVERY:	40.33	(0.09)	TOLLGRADE:	10.09	UNCH
GRUPO TELEVISA:	24.06	(0.65)	UNIVERSAL ELEC:	29.29	0.20
HSN:	33.13	0.21	VONAGE:	4.56	(0.18)
INTERACTIVE CORP:	31.35	0.34	YAHOO:	17.05	(0.06)
LIBERTY:	43.67	0.27	TELCOS		
LIBERTY STARZ:	78.03	0.44	AT&T:	30.47	0.20
LIONSGATE:	6.51	0.12	VERIZON:	37.85	(0.04)
LODGENET:	3.56	0.04	MARKET INDICES		
NEW FRONTIER:	1.80	UNCH	DOW:	12426.75	32.85
OUTDOOR:	7.38	(0.01)	NASDAQ:	2799.82	8.63
SCRIPPS INT:	51.02	0.10	S&P 500:	1335.54	2.91
TIME WARNER:	36.24	0.30			
VALUEVISION:	6.03	0.61			
VIACOM:	53.92	(0.13)			
WWE:	12.65	0.23			
TECHNOLOGY					
ADDVANTAGE:	3.06	0.01			
ALCATEL LUCENT:	5.80	(0.13)			
AMDOCS:	29.11	0.03			
AMPHENOL:	52.57	0.35			
AOL:	20.53	0.52			
APPLE:	338.04	(0.85)			
ARRIS GROUP:	12.65	0.17			
AVID TECH:	21.88	0.07			
BIGBAND:	2.54	0.05			

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Think about that for a minute...

iPaditis

By Steve Effros

Oh, the places you'll go!

Theodor Geisel wrote that in 1990. I happily added it to my "complete collection" of the Dr. Seuss books, a special gift from my wife (she really does know me!) at our wedding, many years ago.

I remembered it (and you should all re-read it ...) while I contemplated the broad implications of that newest of Seuss-like symptoms: iPaditis.



You can do anything with an iPad, you see.. from searching to reading to watching TV! It's that last one, I fear, will cause misery, and land us all at the FCC!

Well, maybe not misery, but I was looking for a rhyme, and it fit. It's certainly going to generate many a legal fee...

and that fits too. The iPad is aptly named. It is the launching pad for a whole lot of things, and lots of folks are starting to take advantage of that, and challenge it too.

The good news for the cable industry is that the iPad can be used for all sorts of things that our customers want. As I mentioned in last week's column, Time Warner, and now Cablevision to a much greater extent, have certainly proved that without question. The folks on Long Island can now get all of their cable service directly on their iPad! That's cool. It's also convenient, and to me a natural part of the service Cablevision is offering. What difference does it make if the screen you are watching the programming on has a wire attached to it or not? So long as it's secure, and for the moment restricted to the home of the customer, what's the problem?

Well, some of the programmers are not clear what the "problem" is, but they sure would like to see if they can make it an incremental addition to their contracts and get some more money for it. Note that Cablevision is not

charging anything extra for delivering their service to the home wireless devices.

The iPad is also being used by lots of companies as a vehicle for a new user interface to existing services. Comcast, Verizon and others are rolling out "apps" that turn the iPad or the iPhone into remote controls, expanded capability electronic program guides, digital video recorder controllers and more. It's awesome. Also confusing.

I have more Verizon FiOS apps and passwords than I know what to do with. It's totally bewildering at this point between the "Agent" and the "DVR App" and the "Remote App." But I'm sure it will get straightened out, and I'm sure there will also be apps for Android users as well. Why not, when the consumer has bought a "remote control" and wireless screen for hundreds of dollars, shouldn't you empower it, and them, any way you can? That's what's happening.

Of course, we don't really know what will work and what won't. Will it be better to incorporate Apple's "AirPlay" or do we utilize some other WiFi distribution platform? Should they be exclusive, to assure security, or can we find other ways of handling that problem, especially outside the customer's home?

And then there's the whole issue of the business plans. What is "new" and "different" requiring new contracts, versus just a natural extension of what's being done now? Don't know, but the market sure is moving fast and in exciting directions. As Dr. Seuss noted; "I'm sorry to say so/ But, sadly it's true / That bang-ups and hang-ups / Can happen to you."

They will, but better that than not going at all!

Steve

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