

# CableFAX Daily™

Thursday — April 18, 2013

What the Industry Reads First

Volume 24 / No. 075

## Multiformat Encoders: Orders from Content Owners on the Rise

It's good to be in the encoder business these days. With the expansion of TV Everywhere, programmers like **Fox**, **Disney/ABC** and **HBO**, which have always purchased some video encoders for primary distribution, have increased their investments in multiformat encoders/transcoders that support direct to consumer distribution, according to **Sam Rosen**, practice director at **ABI Research**. As a result of TVE adoption, he said the burden of content delivery is shifting from MSOs, which still authorize access to content, to programmers. That increases the programmers' brand value and consumer presence. And that shift of distribution responsibility for TVE content is also one reason carriage fees keep going up, Rosen said. He expects the total encoder/transcoder business to become a \$1.5bln market in '17, led by the combined **Arris/Motorola**, **Cisco** and **Ericsson**. For **Elemental Technologies**, another encoder vendor, it all started with the launch of the first iPad. "We saw sales revenue growth within months of the official iPad launch" in Feb '10, said **Keith Wymbs**, vp, marketing. In the past year, the company said it has more than doubled its client base, which includes TV nets, and saw its revenue rise more than 100% YOY. At the **NAB Show** the past week, the company saw nearly 3 times the traffic it experienced last year. Programmers are interested in encoders that are "flexible and multiscreen-delivery ready," Wymbs said. Specifically, encoders that can support multiple streaming formats, multiple standards and the latest compression approaches as well as CALM Act requirements are popular. In addition, Wymbs said programmers seek future-proofed infrastructures that can provide a software migration path to emerging technologies like 4K and high efficiency video coding. Going forward, the programmers' role in distribution is expected to increase, both from authentication access as part of a traditional pay TV deal, and increasingly ad-supported free-to-wire services and some standalone content bundles. For **Fox Networks**, encoding its own content is the best way to ensure quick delivery and potentially swapping out commercials for targeted advertising (either within C3 or beyond), a spokesman said. The goal is not to bypass the pay TV distributors. Fox is "absolutely committed to distribution via pay TV providers," as all of its equipment and programming acquisitions are designed around supporting the pay TV distribution model, the Fox rep said.

**Googlism**: The next **Google** "Fiberhood" will be in Provo, UT, a **Comcast** territory. This time around, Google will be leveraging a municipal fiber network dubbed iProvo, which has had financial problems and was bought by **Broadweave**

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**Networks** (later acquired by **Veracity Networks**). Google will upgrade the network to gigabit technology and complete network construction. The company's agreement with the muni network is pending a vote by the City Council scheduled for Tues. Once the deal's approved, Google plans to offer Internet service with speeds of 5Mbps to every home along the Provo network, for a \$30 activation fee and no monthly charge for at least 7 years. Free Gigabit connections will be available to 25 local public institutions. Gigabit connections and Google Fiber TV will be available for residents. Google Fiber has launched in Kansas City.

**On the Hill: House Commerce** unanimously approved the revised Internet governance legislation Wed. The bill now states that it's US policy to "preserve and advance the successful multistakeholder model that governs the Internet." An earlier version would make it the US policy to "promote a global Internet free from government control." The change came after Democrats expressed concern that the language could hinder the work of various govt agencies.

**M&A: Motorola Home** is now officially part of **Arris**. The vendor completed its purchase from **Google**, after paying the search engine \$2.2bln in cash and 10.6mln shares of Arris' common stock. As a result of the transaction, Google and **Comcast** each own around 7.7% of Arris' shares. Management for the new company will include of execs from both companies. **RBC Capital Markets** acted as joint lead arranger, joint bookrunner and syndication agent in financing for the deal.

**Upfront: AMC** announced its 2nd live after show, numerous new projects and an overall deal with writer *Rolin Jones*, as well as spring and summer programming premiere dates and several series renewals. Specifically, "Talking Bad," which will accompany the conclusion of "Breaking Bad," will analyze the series' final 8 eps starting Aug 11. Meanwhile, the net renewed "Talking Dead" and "Comic Book Men," both for a 3rd season. It also ordered a 2nd season of "Freakshow." The net will work with Jones ("Boardwalk Empire") on scripted programs like "Ballistic City," "King," "Ashland," "White City" and unscripted projects including "Majority Rules" and "All-Star Celebrity Bowling" (all wt). New programming premieres include Season 2 of "Small Town Security" on May 9, "Showville" on May 23, "Breaking Bad" and "Low Winter Sun" on Aug 11, "Owner's Manual" and "The Pitch" on Aug 15. -- **truTV** shifted half of its lineup to comedic reality. The net announced 3 new original series, 7 pilots, development deals and renewals that include series like "Guinness World Records Gone Wild" and "Upload with *Shaquille O'Neal*."

**Carriage: Sportsman Channel HD** is now available in **Comcast's** OR and WA regions, part of Comcast West Division.

**From the Street: Verizon** will kick off MVPD earnings season Thurs. **UBS** analysts are expecting "solid" **FIOS** broadband adds of 170K and video adds of 160K. As for DSL, they expect a net loss of 131K.

**Awards:** This year's **NCTA** Vanguard for Distinguished Leadership go to **A&E** pres, ent & media *Nancy Dubuc* and **Cox** pres *Pat Esser*. **NCTA** will present the awards June 12 during a reception and awards ceremony at the **Cable Show** in DC. Other Vanguard recipients include **Time Warner Cable** evp/COO, residential services *William Goetz* and **Comcast Business** pres *William Stemper*. They were recognized in the cable ops mgmt category. This year's honoree for programming is **AMC Nets** COO *Ed Carroll*. *John Schanz*, evp/chief network officer for **Comcast Cable**, was recognized in the science & tech category. **TWC** evp/chief communications officer *Ellen East* is the honoree in the govt & community relations category. In marketing, **Scripps Nets Interactive's** *Henry Ahn* got the nod. **Samsung Electronics America** pres *Tim Baxter* gets the award in the associates & affil category. *David Preschlack*, evp, affil sales & marketing, **Disney & ESPN Networks**, gets the Young Leadership Vanguard. -- **CNN** scored 12 nominations for the '13 **NAMIC** Vision Awards, the most of any contender in this year's awards. **ESPN** (including **ESPN Films**), **HBO**, **Nick** (including **TeenNick** and a joint **Nick-NFL** nomination) and **TV One** received 6 nods each. **BET** Nets had 5 nominations. **TBS** (4) and **TNT** (3) dominated the performance categories. Other cable nets in the running include: **Bravo** (4 nominations), **Disney** (2), **Discovery En Espanol** (2), **GMC** (2), **Lifetime** (2), **mun2** (3), **Nuvotv** (3), **OWN** (2), **Scripps Nets** (3), **Showtime** (1) and **Style** (1).

**Public Affairs: NBCUniversal's** "Green is Universal" will kick off its 6th Earth Week April 21-28 with green-themed programming, consumer promotions and events. For example, the net will launch a "Share and Tell" campaign to encourage the public to share and trade unwanted goods online.

**Press Clippings: Twitter** is reportedly in talks with **Viacom** and **NBC** on a deal that will bring more video clips to the social media platform and allow the selling of ads alongside them. Citing "people familiar with the matter," **Bloomberg** said the potential partnership will let Twitter stream videos on its site and split the ad revenue with the nets.

# BUSINESS & FINANCE

**Programming:** DirecTV ordered 10 eps of original drama series "Full Circle," which will air on the op's **Audience** channel in the fall. -- **Starz** booked a 2nd season of "Da Vinci's Demons." -- **Bravo** will premiere a new docu-series "Princesses: Long Island" on June 2 at 9pm.

**People:** The latest **Cablevision** exec to join **Charter** is *Rocky Boler*, who will serve as svp, customer care. Boler was svp, customer service at Cablevision for more than a decade. Boler will report to ex-CVCer *Kip Mayo*, evp, customer ops. -- **Cable One** Altus, OK gm *Barbara Burge* is retiring after 50+ years in customer service. -- **Comcast** named *Shawn Adamson* vp, commercial business. -- Congrats to former **Starz** PR hand *Steve Belgard*, who has joined **Andrew E. Freedman Public Relations** as vp, handling several diverse accounts in film, TV, music, publishing and corporate entities.

**Obit:** Longtime **ABC** exec *Preston Davis* died on Mon following an illness. He was 63. Davis retired in '11 as pres, broadcast ops and engineering for ABC. In '93, he was promoted to lead ABC's broadcast ops & engineering by *Bob Iger*, making him the 1st African American pres of any Capital Cities/ABC division in company history. A funeral will be held Sat in Bradenton, FL.

## CableFAX Daily Stockwatch

| Company                      | 04/17 Close | 1-Day Ch | Company               | 04/17 Close | 1-Day Ch |
|------------------------------|-------------|----------|-----------------------|-------------|----------|
| <b>BROADCASTERS/DBS/MMDS</b> |             |          |                       |             |          |
| DIRECTV:                     | 54.16       | (1.46)   | CONVERGYS:            | 16.10       | (0.15)   |
| DISH:                        | 37.83       | (0.1)    | CSG SYSTEMS:          | 20.29       | (0.09)   |
| DISNEY:                      | 60.68       | (0.07)   | ECHOSTAR:             | 37.69       | (0.83)   |
| GE:                          | 22.76       | (0.34)   | GOOGLE:               | 782.56      | (10.81)  |
| NEWS CORP:                   | 31.13       | (0.34)   | HARMONIC:             | 5.50        | (0.14)   |
| <b>MSOS</b>                  |             |          |                       |             |          |
| CABLEVISION:                 | 14.17       | (0.39)   | INTEL:                | 21.93       | 0.01     |
| CHARTER:                     | 104.03      | (0.88)   | JDSU:                 | 12.88       | (0.3)    |
| COMCAST:                     | 40.62       | (0.8)    | LEVEL 3:              | 20.20       | (0.58)   |
| COMCAST SPCL:                | 38.85       | (0.7)    | MICROSOFT:            | 28.82       | (0.14)   |
| GCI:                         | 9.05        | 0.02     | RENTRAK:              | 23.30       | 0.49     |
| LIBERTY GLOBAL:              | 73.39       | (1.09)   | SEACHANGE:            | 10.71       | (0.15)   |
| LIBERTY INT:                 | 20.34       | (0.41)   | SONY:                 | 16.41       | (0.15)   |
| SHAW COMM:                   | 22.51       | (0.18)   | SPRINT NEXTEL:        | 7.09        | (0.11)   |
| TIME WARNER CABLE:           | 91.96       | (1.11)   | TIVO:                 | 11.17       | (0.34)   |
| VIRGIN MEDIA:                | 49.32       | (0.41)   | UNIVERSAL ELEC:       | 21.05       | (0.63)   |
| WASH POST:                   | 430.12      | (15.34)  | VONAGE:               | 2.79        | (0.08)   |
| <b>PROGRAMMING</b>           |             |          |                       |             |          |
| AMC NETWORKS:                | 64.71       | (0.63)   | YAHOO:                | 23.70       | (0.09)   |
| CBS:                         | 45.44       | (0.73)   | <b>TELCOS</b>         |             |          |
| CROWN:                       | 1.98        | (0.05)   | AT&T:                 | 37.78       | (0.16)   |
| DISCOVERY:                   | 78.31       | (1.08)   | VERIZON:              | 49.54       | (0.92)   |
| GRUPO TELEVISIA:             | 25.30       | (0.93)   | <b>MARKET INDICES</b> |             |          |
| HSN:                         | 51.26       | (0.58)   | DOW:                  | 14618.59    | (138.19) |
| INTERACTIVE CORP:            | 44.25       | (0.66)   | NASDAQ:               | 3204.67     | (59.96)  |
| LIONSGATE:                   | 22.57       | (0.31)   | S&P 500:              | 1552.01     | (22.56)  |
| OUTDOOR:                     | 8.72        | (0.07)   |                       |             |          |
| SCRIPPS INT:                 | 67.39       | (0.17)   |                       |             |          |
| STARZ:                       | 21.87       | (0.16)   |                       |             |          |
| TIME WARNER:                 | 59.52       | (0.21)   |                       |             |          |
| VALUEVISION:                 | 4.24        | (0.02)   |                       |             |          |
| VIACOM:                      | 65.98       | (0.57)   |                       |             |          |
| WWE:                         | 8.81        | (0.03)   |                       |             |          |
| <b>TECHNOLOGY</b>            |             |          |                       |             |          |
| ADVANTAGE:                   | 2.30        | UNCH     |                       |             |          |
| ALCATEL LUCENT:              | 1.39        | (0.03)   |                       |             |          |
| AMDOCS:                      | 34.73       | (0.66)   |                       |             |          |
| AMPHENOL:                    | 72.26       | (1.25)   |                       |             |          |
| AOL:                         | 38.19       | (0.68)   |                       |             |          |
| APPLE:                       | 402.80      | (23.44)  |                       |             |          |
| ARRIS GROUP:                 | 16.48       | (0.24)   |                       |             |          |
| AVID TECH:                   | 6.02        | (0.16)   |                       |             |          |
| BLNDER TONGUE:               | 1.02        | (0.03)   |                       |             |          |
| BROADCOM:                    | 32.52       | (1.45)   |                       |             |          |
| CISCO:                       | 20.63       | (0.53)   |                       |             |          |
| CLEARWIRE:                   | 3.27        | 0.01     |                       |             |          |
| CONCURRENT:                  | 6.75        | (0.19)   |                       |             |          |



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Joe Jensen, Executive Vice President/Cable and Telecom, Buckeye Companies, Ohio

## Think about that for a minute...

### A Valuable Combination

Commentary by Steve Effros

The tragic events in Boston on Monday have inevitably led to questions about the usefulness of cell phones during a major, publicized, natural or man-made disaster. Similar issues came up after Super Storm Sandy, the DC earthquake and virtually every other recent major event.

That's to be expected. When we hear or experience something bad happening, the first instinct is to grab the phone and check in with friends and family. Given that most of our kids only have a cell phone these days, and about a quarter of all homes have now cut the telephone cord permanently, the sudden strain on the cellular system almost inevitably leads to congestion, delay, and in some cases collapse.



In Boston, runners who wanted to tell their families they were safe couldn't get through by phone. A surge of calls from outside the area to phones in the Boston area from folks "checking in" to make sure their friends were safe added to the jam-up. This shouldn't come as a surprise, yet it's also predictable that there now will be public investigations about all this and a great deal of hand-wringing about the "inadequacy" of our ability to use the wireless infrastructure. Rather than immediately assess blame, I would suggest education would work better.

Most major infrastructures can't be built to sustain use by everyone at the same time. It's neither economically nor physically possible. Think about it; if all cars were on the roads at the same time, there'd be total gridlock. When we all call Mom on Mother's Day there's a good chance the "circuits will be busy." That's certainly the case, as in Boston the other day, when disaster strikes. During the Super Bowl, half time water pressure drops precipitously in apartment buildings across the country. And there's very little that can be done to change that reality. You can't

build fifteen-lane roads, or have water stored and available to service every apartment all at the same time.

We in the communications business are a little different. The one-way services, like broadcast, can continue to operate regardless of how many folks tune in at any given time or not. The cable system is designed to deliver that video to everyone also. And our broadband systems can handle the load, too, so long as individual demand isn't excessive.

That's the problem the cell phone system had in Boston. It's not really that the system couldn't handle getting information in and out; it was the type of communication that was important. If everyone had used a text message instead of a phone call, there would have been a much higher likelihood that even in a crisis, everyone would have gotten their critical information where they wanted it to go.

Bandwidth is never "unlimited." It's a question of how you use it. If more and more folks use cell phones and iPads to watch video during a disaster, which takes up massive amounts of bandwidth in comparison to a phone call, let alone a text message, then we had better be prepared for more gridlock. But if everyone learns what to do when, the system will continue to work. This is a teachable moment.

Probably the best combination, for these purposes, is what cable is in the process of building; robust wired broadband connections linked with WiFi availability. It'll be a very long time before there's enough cell phone spectrum to fully respond in these situations, but the cable/WiFi combination is on its way now. A far more important development than "1Gig" showpieces.

*Steve*

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

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