

CableFAX Daily™

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What the Industry Reads First

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TWC 1Q: Business Service Shines, Residential Suffers

Time Warner Cable's business service had another solid quarter with 25% YOY growth, the segment's 12th consecutive quarter of YOY growth over 20%. It's a different story on the residential side: The op lost 119K video subs in the quarter, more than the street estimate of 92K. It added 131K residential Internet users, missing the average street estimate of 160K. Overall, it posted a net income of \$401mln, up from \$382mln a year ago. A few months into TWC's plan to drive better performance in the residential business, the net has shifted away from Triple Play and focused on driving more Single and Double Play, according to COO *Robert Marcus*. In many cases "we caused customers who didn't need or want phone to take a triple play offer just to get the triple play rates," he said on the company's earnings conference call Thurs. The reality is when customers feel they are using all the services, they will spend more, he said. The new strategy has resulted in a YOY decline in phone lines, but new subs have been spending more than a year ago (It lost 22k phone subs). However, it will take time for the new pricing and packaging strategy to deliver results, Marcus said. Meanwhile, Austin, TX will be a battle ground as the op started deploying a citywide WiFi hotspot network there Thurs, 2 weeks after **Google's** announcement to expand its Google Fiber into the city. Calling Google an "overbuilder," CEO *Glenn Britt* said the company appears to be very aggressive on pricing. "They are even giving some tiers away essentially for free... and we will see where that goes," he said. Despite "the glow," the services are similar to other existing offerings, he said. Though Google Fiber offers faster Internet speeds, "they connect to the same old Internet, where most of the servers are actually slower." Britt questioned the economics of the project. He noted both Kansas City, Google's other "fiberhood," and Austin combined only compose about 2.5% of TWC's sub base. Britt also shed some light on the **LA Dodgers** RSN affil deals: "We haven't yet begun the process of seeking affiliate deals," which tends to happen closer to the network launch. Based on the op's experience with the **LA Lakers** net, all the action happens in the couple of months leading up to the launch, Britt said. On encryption, the op is working on encrypting its basic tier service in NYC, the last piece of the puzzle to make TWC 100% all digital. S&P raised its '13 and '14 earnings estimates to \$6.67 and \$7.97 per share, respectively. It noted the anticipated launch of a cloud-based guide among key prod-

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PROGRAM AWARDS

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uct enhancements and “cautious optimism on new regional nets (LA Lakers, Dodgers).” “Disappointing” 1Q sub trends were a result of both lower connects and higher churn, **Wells Fargo** analysts said. The op didn't provide specifics on the timing of programming contracts, but the upcoming renewal with CBS is “likely a major contributing factor” to TWC's guidance of 10% programming cost increase, the analysts said.

Futuregazing: When it comes to competitive threats, **Time Warner Cable's** *Jeff Lindsay* is watching 3 areas closely: new entrants, LTE rollouts by wireless ops and OTT. In the case of **Google Fiber**, it's not so much that the company is coming in as an overbuilder but that in doing so it could interrupt the industry's economics for many years, Lindsay, TWC's group vp and gm of digital phone, told attendees at the **Broadband Cable Assn of PA's** annual meeting. “We have players like Google and **Apple** getting into the market. They may do something even unintentionally that's very disruptive to us all,” he said. “There is a risk of irrational behavior.” Like his bosses, Lindsay was dismissive of Google Fiber's 1GB offering. “It's a little bit like having a Ferrari in NYC. It can go 200mph, but good luck trying to find a place to try it,” he said, predicting it'll be a few years before 1GB applications are developed. As for LTE, the risk there is that this spectrum carries signals well and has tons of bandwidth. Or a new housing development could say, ‘we'll do it all with WiFi if it's more effective and cheaper.’ But the good news for cable is it would provide the backhaul. “It just means our business would change. Either way we win,” Lindsay said. OTT is a similar situation since cable would provide the high-speed data. As for new opportunities for cable, like home security, **Comcast** svp, strategic planning *Mark Coblitz* said the cable platform has lots of possibilities such as venturing into home healthcare, which could also be a sensor-based tech. It's too early to know where tele-health is going, but the possibility remains, he said. “The learnings we're getting from this are totally transferable [to smaller operators],” Coblitz said. “That's a really valuable thing we don't often find.” Some of Comcast's early groundwork has included ensuring that various state legislation, including in PA, doesn't preclude cable from getting into the field. Meanwhile, not everything has to be brand-spanking new, he said, pointing to Comcast's pilot with **UnitedHealthcare** that targeted decreasing the risk of diabetes. The MSO turned to the “old” tech of VOD to create a reality series with coaching to help subs in Philly and Knoxville reduce their risks. “We often look to new technology to do great things. We forget what a huge valuable system we have today that can really be used for some great stuff,” Coblitz said.

On the Hill: While House Republicans questioned the value of the **FCC's** Lifeline program, Democrats saw the program as essential for enabling access for low-income communities. The fund has increased 266% since '08 and grown almost 6-fold since '98, House communication subcmte chmn *Greg Walden* (R-OE) said during his opening statement at the Lifeline oversight hearing Thurs. The program has also suffered from waste and abuse, he said, saying some subs reportedly have 8 or more phones with subsidized services, despite the limit of 1 subsidized sub per HH. Regulators and legislators are currently looking at ways to transform the program to fund broadband services.

Upfronts: **MTV** used its upfront presentation Thurs to announce a pilot for TV adaptation of the *Scream* film franchise, 3 new series, and season 3 of “Snooki & JWOWW” in addition to 15 returning shows. The new series are “Generation Cyro,” “Nurse Nation” and “The Hook Up.” Returning series include season 2 of “Mac Miller and the Most Dope Family,” which premieres early '14.

Camouflage Champs: Record ratings for **A&E's** “Duck Dynasty” continued with the 3rd season finale delivering 9.6mln total viewers for the 1-hour ep. The ep was watched by 5.6mln 25-54, 5.5mln 18-49 and 2.6mln 18-34, becoming the most-watched series telecast in network history among all key demos. Season 3 averaged 8.4mln total viewers, up 95% vs season 2, making it the #2 original series overall (behind **AMC's** *Walking Dead*).

Honors: **NBCU** evp, human resources *Pat Langer*, **Bright House** senior dir, human resources *Angela Mazer* and the People Services Team of **Cox's** CA system will receive the **CTHRA** '13 Excellence in HR Awards. “These recipients embody HR's mission to have a strategic impact on business results and further organizational success,” said CTHRA Award's Committee chmn and **Charter** svp, human resources *Abby Pfeiffer*.

On the Circuit: Speakers during general sessions of the Cable Show '13 include heavy hitters like **Time Warner**

BUSINESS & FINANCE

chmn/CEO *Jeff Bewkes*, **Time Warner Cable** chmn/CEO *Glenn Britt*, **Viacom** chief *Philippe Dauman* and **Comcast** chmn *Brian Roberts*.

Marketing: **HGTV** Home will host pop-up showrooms at malls across the country starting May 1. Launched at Atlanta's Phipps Plaza, the tour will continue to Philly, Chicago, Tysons Corner, VA, and LA. HGTV Home products will be on display, and designers featured on the net will meet visitors at designated showroom locations.

Programming: **AMC** booked a pilot for the scripted drama "Line of Sight," the net's first exploration of sci-fi in an original series. -- As **Comcast SportsNet Houston** works through its negotiations with providers, it's offering a 37-day free trial for pay subs in the 5-state region. Specifically, the net will offer live, HD coverage of the Rockets first-round NBA playoff games, key upcoming Houston Dynamo matches, and Astros first Intra League series matchups. The free trial comes with "a sizable loss," but "it is the right thing to do," said pres/gm *Matt Hutchings*. -- **IFC** is teaming with **BuzzFeed** for a new ongoing programming block, IFC "BuzzFeed Block," starting May 4.

People: **AMC** COO *Ed Carroll* signed a new 4-year contract which lasts until the end of '16, according to an **SEC** filing. -- **Starz** upped *David Laughlin* to vp, human resources.

CableFAX Daily Stockwatch

Company	04/25 Close	1-Day Ch	Company	04/25 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	56.25	(0.05)	CONVERGYS:	16.30	0.20
DISH:	40.22	0.96	CSG SYSTEMS:	21.33	(0.06)
DISNEY:	62.00	0.06	ECHOSTAR:	39.13	(0.3)
GE:	21.95	(0.01)	GOOGLE:	809.10	(4.35)
NEWS CORP:	31.26	0.13	HARMONIC:	5.68	(0.11)
MSOS					
CABLEVISION:	14.48	0.10	INTEL:	23.38	(0.28)
CHARTER:	101.11	(1.94)	JDSU:	13.60	0.22
COMCAST:	40.75	0.08	LEVEL 3:	20.45	0.18
COMCAST SPCL:	38.70	(0.21)	MICROSOFT:	31.94	0.18
GCI:	9.82	0.23	RENTRAK:	23.49	0.36
LIBERTY GLOBAL:	72.65	0.21	SEACHANGE:	10.80	(0.05)
LIBERTY INT:	20.65	0.29	SONY:	17.20	0.71
SHAW COMM:	22.48	UNCH	SPRINT NEXTEL:	7.14	0.05
TIME WARNER CABLE:	92.19	(0.54)	TIVO:	11.31	0.05
VIRGIN MEDIA:	48.89	0.16	UNIVERSAL ELEC:	22.45	(0.35)
WASH POST:	446.24	5.93	VONAGE:	3.03	(0.04)
PROGRAMMING					
AMC NETWORKS:	63.41	(0.59)	YAHOO:	25.20	0.45
CBS:	45.97	(0.09)	TELCOS		
CROWN:	2.05	UNCH	AT&T:	37.28	0.24
DISCOVERY:	79.89	0.74	VERIZON:	53.22	1.42
GRUPO TELEVISA:	26.18	0.44	MARKET INDICES		
HSN:	53.16	0.09	DOW:	14700.80	24.50
INTERACTIVE CORP:	46.76	1.14	NASDAQ:	3289.99	20.34
LIONSGATE:	24.81	0.10	S&P 500:	1585.16	6.37
OUTDOOR:	8.75	0.02			
SCRIPPS INT:	66.33	(0.26)			
STARZ:	23.29	0.19			
TIME WARNER:	59.39	(0.2)			
VALUEVISION:	4.26	(0.07)			
VIACOM:	64.81	(0.48)			
WWE:	9.15	0.06			
TECHNOLOGY					
ADVANTAGE:	2.36	0.03			
ALCATEL LUCENT:	1.40	UNCH			
AMDOCS:	35.15	0.61			
AMPHENOL:	75.29	0.92			
AOL:	39.38	0.73			
APPLE:	408.38	2.92			
ARRIS GROUP:	16.38	(0.26)			
AVID TECH:	6.75	0.06			
BLNDER TONGUE:	1.00	UNCH			
BROADCOM:	34.53	(0.56)			
CISCO:	20.64	0.25			
CLEARWIRE:	3.31	(0.02)			
CONCURRENT:	6.72	0.06			

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PROGRAMMER'S PAGE

Rising from the Dead

Soap fans know the characters of their favorite dramas never really die—they just go to soap opera limbo where they could be resurrected in any form at any time. And so is the case with “All My Children” and “One Life to Live,” which are slated to start their new lives online on Mon after their deaths on **ABC Daytime**. New 30-min eps 4 days a week will be available to stream weekdays in HD (when available) via **Hulu** for free on computers (Hulu Plus users can watch on any device) and for purchase on **iTunes** thanks to **Prospect Park's The Online Network**. When All My Children went off the air in Sept '11 and One Life to Live in Jan '12, Prospect Park had initially hoped to continue with new eps online the week after the linear shutterings, but that ended up being too ambitious. Besides the new platform, the soaps will differ in that they'll be in HD, the pacing will be much quicker and there is some outside filming (as well as on stage), said Park partner *Rich Frank*. They'll still have commercials and many of the same actors (not AMC's *Susan Lucci* who is in **Lifetime's** “Devious Maids,” premieres June 23), but a new younger cast is also being added. “We think we have better stories that are more socially relevant,” Frank said. “I think the half-hour format works great because people tend to watch smaller amounts online. It also allows people to catch up on shows on a weekly basis.” The drama keeps getting sudsier, with Park filing a \$25mln suit against ABC this month, claiming it sabotaged the OLTL relaunch by messing up some of the soap's characters who were loaned to ABC's “General Hospital.” ABC called the claims baseless. Frank said the company has the right to sell the shows to broadcast or cable starting in Sept, but the linear programs would be on a 1-week delay from the Hulu premiere. It's too early to suggest the end of the traditional TV model, but Frank, former chmn of **Disney TV**, is hopeful. “I believe that in 10 years no one will have to go through an MSO,” he said. “I believe your TV will be connected to a computer and you'll... have a listing of all the things you subscribe to.” - *Amy Maclean*

Reviews: “Veep,” Sun, 10p, **HBO**. Season II of D.C.-based spoof “Veep” has vastly improved by eschewing inside-the-Beltway humor in favor of skewering the egotistical, insincere, insecure Luddite known as V.P. Selina Meyer, played to Emmy-winning hilarity by *Julia Louis-Dreyfus*. This week finds the V.P. ‘enhancing’ her White House image with a nearly picture-perfect hostage rescue. -- “Burger Land,” Mon, 9p, **Travel**. While this series debuted 2 weeks ago, it lands in its regular time slot tonight. Host *George Motz* knows his meat. He's produced a doc and wrote a book about burgers. And each week he takes us to his favorite burger spots around the country, adding cultural and historical background. This week he stops in New Orleans to visit a quartet of unusual patty purveyors. -- “Manhunt: Inside The Hunt for *Bin Laden*,” Wed, 8p, **HBO**. It's a well-worn, yet tragic story: the CIA tracked Bin Laden for decades before 9/11. Yet hearing from the women and men who did the work is fascinating and emotional. -- **Notable:** “NFL Draft,” begins Thurs 8p ET, **ESPN, NFL Net**. Watching NFL teams make draft picks is good TV? Well, ESPN and NFL Net together averaged 8.1mln viewers for Round 1 last year, up 16%. As *SI's Richard Deitsch* wrote, “the non-event has morphed into a [3-day] mega-event...” - *Seth Arenstein*

Basic Cable Rankings (4/15/13-4/21/13) Mon-Sun Prime			
1	FOXN	2.3	2259
2	USA	2.1	2067
3	CNN	1.6	1568
3	DSNY	1.6	1549
5	HIST	1.4	1403
5	A&E	1.4	1385
5	TNT	1.4	1366
5	TBSC	1.4	1351
9	HGTV	1.0	963
9	ADSM	1.0	960
9	ESPN	1.0	945
12	LIFE	0.9	900
12	SYFY	0.9	876
12	NAN	0.9	861
12	FX	0.9	853
16	DISC	0.8	812
16	FOOD	0.8	811
16	BRAV	0.8	778
16	MSNB	0.8	760
16	DSE	0.8	56
21	AMC	0.7	675
21	FAM	0.7	666
21	MTV	0.7	649
21	SPK	0.7	639
21	TRU	0.7	599
21	ID	0.7	581
27	TVLD	0.6	620
27	TLC	0.6	601
27	CMDY	0.6	549
27	LMN	0.6	467
27	DSJR	0.6	321
32	APL	0.5	476
32	HLN	0.5	470
32	BET	0.5	461
32	NGC	0.5	438
32	HALL	0.5	396
32	HMC	0.5	230
38	VH1	0.4	402
38	NKJR	0.4	321
38	OXYG	0.4	314
38	GSN	0.4	291
38	H2	0.4	270
38	INSP	0.4	261
44	EN	0.3	340
44	TRAV	0.3	321
44	OWN	0.3	262

*Nielsen data supplied by ABC/Disney

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