

# CableFAX Daily™

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What the Industry Reads First

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## 1Q Dishing: Revamp, AMC Nets and Wireless Top of Mind for DISH Results

The mood DISH management presented during Mon's 1Q earnings was one of transformation. Pres/CEO *Joe Clayton* rattled off a list of accomplishments and changes: 1Q net sub additions were the highest they'd been in 2 years (104K adds vs the consensus of 62K), best churn performance in years (1.35%), a new advanced billing platform that should help keep costs down, a new ad agency and the whole home DVR, the Hopper. "All trends indicate that DISH is moving in the right direction, but there is still a lot more work to do," Clayton said. Churn was helped by DISH not raising prices in the 1Q, while many competitors did do so. The Hopper was only available for 2 weeks of the Q, but Clayton said new sales and upgrades were meeting expectations. Analysts were divided on the results. While **ISI Group** said it wasn't too worried about light ARPU growth (about 2% YOY to \$76.71) given the price freeze, **Sanford Bernstein** called it "anemic," with the growth primarily attributable to last year's price increase. Revenues grew 11% YOY to \$3.58bln. Sanford Bernstein's *Craig Moffett* said DISH has so much uncertainty—from the core business, wireless, litigation—that he believes the appropriate course is to simply stand aside. More enthusiastic was **Wells Fargo's Marci Ryvicker**, who said it was a "great quarter" with churn, in her view, the most important metric. DISH chmn *Charlie Ergen* gave a little insight on the **AMC Networks** dust-up, saying that DISH is able to do a more granular dive than **Nielsen**, and the programming has "very low viewership" outside a few obviously popular shows on AMC. DISH has said it will stop carrying AMC Nets when its contract expires at the end of June. "We believe the product is devalued, not because there aren't good programs, but because you can get it multiple ways," Ergen said, pointing to deals with **Netflix**, **iTunes** and other online providers. "Obviously, there's a price where a Rainbow product makes sense. We just don't think that's where we are today." AMC has said that "The Walking Dead" is the #1 scripted drama with DISH subs. Spectrum was discussed at length during Mon's call, with DISH waiting for the FCC to approve its spectrum plans. Ergen said the company has many choices, but will likely work with another provider on entering the wireless arena. "It probably makes sense to work with people already in the business," he said. "They already have towers, they already have the relationships, they already have spectrum, they already have handsets. It makes sense to work with them because we bring something that makes the transition for them, particularly to LTE, much easier. We also bring video in a way they may not be able to do themselves."

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**Full House:** As expected, the Senate confirmed *Jessica Rosenworcel* and *Ajit Pai* as **FCC** commissioners Mon, when lawmakers returned from break (**Cfax**, 4/30). The 2, both former Senate advisers with FCC experience, are expected to be sworn in shortly (as in, probably by the end of the week). Also as expected, our inbox nearly crashed from all the well wishes. A sampling: FCC chmn *Julius Genachowski*: "They bring deep knowledge of our sector, and proven track records of accomplishment." **NCTA** pres/CEO *Michael Powell*: "We know that each will prove to be valuable additions to the Commission, and we look forward to working with them to promote continued investment and innovation in the communications marketplace." Republican commissioner *Robert McDowell*: "Now that we have a full 5 member FCC, I look forward to all of us rolling up our sleeves and getting to work on several important matters facing the Commission for the benefit of American consumers, including but certainly not limited to: implementation of the new incentive auction legislation, finally putting the power of unlicensed use of the TV 'White Spaces' into consumers' hands, adopting sensible universal service contribution reform, modernizing our media ownership rules to reflect the competitive marketplace of the Digital Age, important transactions requiring expeditious review, and much, much more." **Public Knowledge** pres/CEO *Gigi Sohn*: "We look forward to working with them on the many challenging issues confronting the public, from major transactions to the disposition of spectrum." **ACA** pres/CEO *Matt Polka*: "It's encouraging that the new FCC Commissioners have a keen understanding of the profound impact FCC policy can have on a broad swath of industry participants, including smaller firms in smaller markets and rural areas, whether in West Virginia or Kansas." (A shout-out to Rosenworcel's work with Sen *Jay Rockefeller* (D-WV) on the Commerce cmte and Pai's status as a native Kansan).

**News Deal:** **ABC News** and **Univision** have agreed in principle to form a multiplatform jv that will include a 24/7 network for English-dominant and bilingual Hispanics. The yet unnamed net will feature journos from both organizations and is slated to launch in '13. Website, mobile and social media content is expected to debut this summer. The mgmt team is also expected to be in place by summer. The venture will have anchors and correspondents in major US cities, with the 2 organizations sharing newsgathering and production resources.

**Not Home Alone:** Cable ops aren't the only ones that want to monitor your home. **AT&T** plans to begin trials in Atlanta and Dallas this summer of an all-digital, IP-based home security monitoring and automation service called AT&T Digital Live. Users will be able to control their homes with any Web-enabled device, PC, tablet, smartphone, regardless of carrier. So, yes, AT&T plans to sell this nationwide, instead of sticking to a service territory like Verizon or cable ops.

**Marketing:** "It's More than TV. It's How We Connect." That's the theme of **NCTA's** just launched multimedia campaign, which is slated to run until late summer. It's primarily focused on DC but will also run nationally on some platforms. Creative elements can be viewed at [www.CableConnectsUs.com](http://www.CableConnectsUs.com).

**Research:** **Time Warner Cable** awarded stipends of \$20K each to 2 scholars as part of its research program on digital communications. Since launching in '10, the program has made 18 awards to 25 researchers, including recently named **NAMIC** CEO *Nicol Turner-Lee*. The latest awards go toward Penn State's *Jens Grossklag's* project on ISPs and interdependent network security and *Lisa George's* paper on the influence search engine aggregators and other digital intermediaries have on the consumption of local news.

**Programming:** **Lifetime** renewed "The Client List" for a 2nd season to premiere next year. It has averaged 2.7mln total

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# BUSINESS & FINANCE

viewers season to-date. -- **Weather** debuts "Iron Men," Tues night at 9pm ET following NY ironworkers coping with weather hurdles. -- *Jon Hein* from "The Howard Stern Show" will host **Destination America** series "Fast Food Mania," June 3, 10 and 10:30pm.

**People:** **NimbleTV**, currently in beta with its cloud-based platform to bring an MVPD's lineup to consumers anywhere on any device, tapped *Lou Borrelli* as chief marketing officer. A founder partner and COO of **Marcus Cable**, Borrelli was most recently pres/CEO of **NEP Broadcasting** and svp, broadband of **AOL**. -- New to **Bravo** is *Nancy Jo*, who takes the newly created post of vp, digital strategy and biz dev. She previously worked at **VEVO**.

**Public Affairs:** **The Easter Seals** was awarded a \$250K **Comcast** Assistive Technology Grant, which aims to expand assistive tech services at Easter Seals affils from Boston to Houston. Projects include a Mobility Development Lab in Hartford, CT, aimed at helping people walk independently.

**On the Circuit:** **Cox** pres *Pat Esser* and **CoreBrand** CEO *James Gregory* keynote **ACC's** Cable Communications Institute in NYC June 20-22. Space is limited to the 1st 25 qualified applicants. [cablecommunicators.org](http://cablecommunicators.org).

**New at CableFAXDaily.com:** **Reentrak** details the latest monthly VOD genre trends in our subscriber-only Data Points section. More info at <http://www.cablefax.com/cfax/datapoints/vod/>

## CableFAX Daily Stockwatch

Company	05/08 Close	1-Day Ch	Company	05/08 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	47.91	(0.32)	CLEARWIRE:	1.31	(0.21)
DISH:	30.93	(0.38)	CONCURRENT:	3.68	0.08
DISNEY:	43.82	0.89	CONVERGYS:	13.02	0.12
GE:	19.32	(0.02)	CSG SYSTEMS:	16.23	0.18
NEWS CORP:	19.68	0.19	ECHOSTAR:	28.04	(0.2)
<b>MSOS</b>					
CABLEVISION:	13.00	(0.07)	GOOGLE:	607.55	10.58
CHARTER:	61.82	0.25	HARMONIC:	4.30	(0.1)
COMCAST:	29.63	0.18	INTEL:	27.76	(0.14)
COMCAST SPCL:	29.39	0.18	JDSU:	11.07	(0.02)
GCI:	7.42	0.21	LEVEL 3:	25.33	0.16
KNOLGY:	19.48	0.03	MICROSOFT:	30.65	(0.33)
LIBERTY GLOBAL:	49.85	0.07	MOTOROLA MOBILITY:	39.13	0.33
LIBERTY INT:	18.41	0.01	RENTRAK:	17.86	0.30
SHAW COMM:	19.82	0.24	SEACHANGE:	8.54	0.13
TIME WARNER CABLE:	79.23	0.46	SONY:	15.31	(0.01)
VIRGIN MEDIA:	22.48	(0.18)	SPRINT NEXTEL:	2.41	0.05
WASH POST:	348.50	(9.12)	THOMAS & BETTS:	71.92	0.04
<b>PROGRAMMING</b>					
AMC NETWORKS:	41.47	(1.65)	TIVO:	10.39	0.02
CBS:	32.97	(0.25)	UNIVERSAL ELEC:	15.06	(0.21)
CROWN:	1.51	0.02	VONAGE:	1.82	(0.03)
DISCOVERY:	54.08	0.64	YAHOO:	15.35	0.20
GRUPO TELEVISA:	21.39	0.01	<b>TELCOS</b>		
HSN:	36.88	(0.48)	AT&T:	33.00	0.14
INTERACTIVE CORP:	49.11	(0.39)	VERIZON:	40.53	0.27
LIONSGATE:	12.02	0.55	<b>MARKET INDICES</b>		
LODGENET:	2.22	(0.01)	DOW:	13008.53	(29.74)
NEW FRONTIER:	1.57	(0.01)	NASDAQ:	2957.76	1.42
OUTDOOR:	7.26	0.05	S&P 500:	1369.58	0.48
SCRIPPS INT:	53.93	(0.28)	<b>TECHNOLOGY</b>		
TIME WARNER:	36.00	(0.35)	ADDVANTAGE:	2.48	0.06
VALUEVISION:	1.55	0.01	ALCATEL LUCENT:	1.52	0.09
VIACOM:	51.97	(0.22)	AMDOCS:	30.31	(0.45)
WWE:	8.91	0.16	AMPHENOL:	54.81	(0.54)
<b>MARKET INDICES</b>					
			DOW:	13008.53	(29.74)
			NASDAQ:	2957.76	1.42
			S&P 500:	1369.58	0.48

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# EYE ON ADVERTISING

## NBCU's StyleCandy Sweetens Ad Proposition

NBCU sister companies **Style** and **DailyCandy** are cooking up a new partnership to deliver fashion, beauty and lifestyle content across television, Internet and social media outlets. The multiplatform StyleCandy will not only expand the delivery of unique short-form content, but create new advertising opportunities. Style Network president Salaam Coleman gives Cathy Applefeld Olson a taste of what advertisers can expect from the joint venture.

### Why this new joint venture?

SCS: We know women have an insatiable appetite for all things style, and Style Network and DailyCandy share a similar mission in terms of bringing creative content, great information and great deals to women who love fashion. We started thinking about our common mission and some of the complementary strengths we bring to the table, and we realized there is a unique opportunity here. For example, at Style we have 1 million Twitter followers and we are definitely able to engage with our Twitter followers, but not in the same way as we could with short-form video. DailyCandy has 6 million women who subscribe to its newsletter. They have a phenomenal editorial team that's connected with what's happening on the ground in major cities across the country.

### How does the StyleCandy launch change the advertising proposition on Style Network?

SCS: The intention of StyleCandy is short-form content, and it's intended to be in an entertaining and compelling video storytelling format. The value proposition to advertisers is that we will be coming to our user base from an authority position, recommending products and giving deals for various products. The value to advertisers is this really elevates their brands and gives them a trusted stamp of approval.

### How much revenue for the new partnership are you expecting to generate through advertisers?

SCS: At its core StyleCandy is about delivering relevant content about fashion, beauty and lifestyle. But, absolutely, partnering with advertisers is an opportunity we plan to pursue. Primarily because we are producing this line of short-form content that's going to live on multiple platforms—on Style Network, in DailyCandy, on Twitter, Facebook—there's a huge opportunity for advertisers to do one-stop shopping and get a multiplatform, 360-degree experience to elevate their brand.



### Can you share specifics about any early StyleCandy advertising deals?

SCS: We can't share that yet until certain deals are closed, but across the board the interest is coming because it's a multiplatform initiative and not just solely on one platform. The length is also an interest to advertisers. Some of the content from Style Network will be a little longer, but the short-form, 30-second format seems to be appealing for advertisers to get their message out quickly. A lot of the success we've had on Style has been in the form of microseries, shortform content where the advertiser and the brand are integrated fully.

### What have you learned working with advertisers on Style Network that you'll bring to StyleCandy?

SCS: One thing we've learned is viewers come to Style not just for entertainment; they come to get lifestyle ideas, to make a mental shopping list and think of products to buy. In the past, people may have assumed viewers were only coming for fashion and beauty tips, but they really want to style every aspect of their lives—how they dress, their makeup, how their homes look, where they travel, the food they like to eat. We've learned from listening to them that all things can be seen through a style lens for many of the trendsetting women who come to us. So some of the learning from Style Network is that StyleCandy is more than fashion. We extend to a whole range of advertising categories. The whole notion of what is the biggest motivation they are coming to the network with is they're looking to make a purchase. They're watching TV to shop.

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#### OTT Musings: Stakeholders Debate Evolving Content Delivery at CES

With the Comcast/Disney distribution deal a harbinger for TV Everywhere and Fox's move last summer to put select content behind a pay wall, panelists mulled the ins and outs of over-the-top delivery at an OTT panel at CES. "The tablet, the device, is going to control the TV experience at U-verse," said Juel Weber, AT&T VP product and strategy, noting the company's drive into tablet apps and model of providing APIs for developers to send content from device to television. But discernment is critical, panelists agreed. While AT&T has an approval process in place, YouTube abandoned its API-based partnership model two years ago "because we ended up with different apps on diff TV, and performance differed," said Francisco Valera, dir/global head of platform and games partnerships. Touting YouTube's deals with Samsung, LG and its new Xbox partnership, "if we can't control the app, and update features quickly, it's a lost cause," he said. YouTube's recent-day model of investment in original content will stretch the company's presence in specific categories such as "niche cooking and unique travel" channels. "We don't see ourselves becoming a large studio, but we're more than dogs on skateboards," Valera quipped. "We want to bring in proven providers of broadcast quality content that's not sustainable in the cable universe." Valera said YouTube is working on its fourth UI, and moving toward the HTML 5 standard. Noting that unlike other video distributors YouTube always owns its TV and mobile content rights, "Can we bring our content to an AT&T, Cox or Comcast? We can, and that's where we are excited," he said. Initial deals with distributors are rolling out in Europe and Asia, he said. At Cox, focus remains on the UI. "It's important to get the user interface right, especially as more content is added in," said Lisa Pickelsimer, executive director, video product development. Integrated search, recommendations and social media will become more key, Pickelsimer said, noting the bigger role of metadata and the need