

# CableFAX Daily™

Tuesday — May 21, 2013

What the Industry Reads First

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## Not So Fast: CEA Asks FCC to Reconsider Charter Waiver

While the industry closely watched **Charter's** request and eventual grant last month of a 2-year waiver of the **FCC's** set-top integration ban, the saga isn't quite over. **CEA** wants the Commission to review the Media Bureau's order, arguing that the agency exceeded its authority when it let the MSO stop providing CableCARDS under certain conditions in the post-waiver period without seeking public comment. "Unless the Commission reviews and rescinds this order the Bureau will have erased the core obligation of cable operators under Section 629 to support competitive devices, without any factual or legal finding to support this results, or any Public Notice," CEA said. CEA also alleges that the order violates the Administrative Procedure Act for, among other things, "eviscerating a regulation in the guise of waiver relief." Charter's waiver overrides a ban on integrated security for set-tops that went into effect July 1, '07. In return, the MSO must transition all of its cable systems to all-digital within 9 months of the 2-year waiver's expiration and make broadband Internet access service of 100Mbps+ available to 200K additional homes before full expiration. Charter also must adopt the same downloadable security system used by **Cablevision** (which was previously granted an FCC waiver). Charter must continue to support CableCARDS until a security-compatible 3rd party device is available at retail. CEA claims that the security Charter is developing is functionally no different from the legacy tech for which it needs a waiver. The downloadable security relies on the integration of a semiconductor chip and its unique format for software, thus is not really "downloadable" in concept or function, CEA said. It concluded that the Bureau's order provides no guidance toward the establishment of a uniform set of expectations for a downloadable security system that would support competitive entry through a national standard, like the CableCARD. Charter had no immediate comment, but we're sure it will weigh in at the Commission.

**At the Portals:** *Mignon Clyburn* became the 1st female **FCC** chair on Sat, at least for a little while. In a note to staffers Mon, the acting chair described herself as a member of a relay team, "running one of the middle legs" before *Tom Wheeler's* confirmation. "My job is to build on forward momentum, give the next teammate a running start, an improved position, and no matter what, my goal is not to drop the baton," she said, calling *Michael Copps* "an outstanding" role model as acting chair.

**In the Courts:** A **Supreme Court** opinion released Mon is expected to help the FCC to defend its network neutral-



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ity rules, which **Verizon** has challenged. The court upheld the 5th Circuit ruling affirming the FCC imposing a shot clock deadline on states and localities reviewing tower/antenna sitting apps by wireless carriers. “We believe the ruling is a sweeping declaration that the FCC and other agencies have broad latitude to interpret their own jurisdiction when confronted with ambiguities under their governing statutes, though they must provide a reasoned basis for their decisions,” **Stifel Nicolaus** said in a research note.

**Deals:** **Yahoo** agreed to acquire **Tumblr** for \$1.1 bln, a deal that’s expected to grow Yahoo’s audience by 50% to more than a billion monthly visitors and to grow traffic by 20%, Yahoo said. Yahoo’s board includes former **Discovery Comm COO Peter Liguori** (also former chmn/pres, entertainment, **Fox Broadcasting**). The deal is expected to close in later this year.

**TVE:** **DISH** upgraded its TVE app, adding On Demand access and social sharing features for iPhone and Android devices. The update also includes integration with **Twitter** and **Facebook**, allowing sharing of viewing experience.

**Research:** The 13 largest MVPDs added around 195K net new video subs in 1Q, not enough to offset sub losses from 2Q and 3Q '12, said a study by **Leichtman Research Group**. That leaves the major multi-channel video providers with a net sub loss of around 80K over the last year vs a net gain of 380K over the prior year. It’s the 1st time in a decade for a net industry-wide sub loss over a 4-quarter period, reflecting a saturated market, an increased focus from providers on acquiring higher-value subs and some subs opting for OTT, **Bruce Leichtman**, pres of the firm said. The top 9 cable ops lost around 1.56mln subs the whole year last year vs a loss of 1.54mln during the year before. At the end of 1Q, the top 9 cable providers have more than 51mln video subs. Satellite TV players have about 34.2mln subs while major telco video providers have about 9.7mln. Both satellite and telco providers added fewer subs in 1Q vs the same period a year ago. In fact, satellite TV providers added 57K subs in 1Q, the fewest in any Q1 over the past decade. -- Consumers spend more than 85 hours per month with cable nets on TV and online vs the 34 hours they spend with broadcast nets, said a **CAB** report. Cable content also beat broadcast as “the most sought after on the Internet” across genres. In addition, cable content on mobile platforms saw a 23% YOY increase in audience in Feb, beating broadcast (+20%) and online TV (+11%). Meanwhile, cable content accounts for 71% of social media activities generated by the top 20 social buzz primetime programs.

**Marketing:** In support of its new 4K Ultra HD TVs shipping this week, **Sony** announced an integrated marketing campaign celebrating the color and picture resolution on the sets. The campaign features a 4K film from **Garth Davis**, who most recently directed **Sundance Channel’s** “Top of the Lake.” “The first time I saw a Sony 4K TV, it was like opening my eyes. It’s 4 times the detail of HD,” Davis says in the TV spot, which began airing nationally this week. Other campaign components include interactive displays, radio and print as well as social media.

**Tech-tacular:** As technology plays a growing role in cable and broadband business strategy, **CableFAX** proudly announces the launch of “CableFAX Tech,” a multiplatform initiative to expand our already extensive coverage of technologies affecting the industry. Starting with today’s issue, we’re adding a new weekly Tech section to boil down the hottest tech news into an executive cheat sheet packed with all the info you need to know (see p5). In addition, a new CableFAX Tech section of the CableFAX.com Website will create a vital tech news hub tied to a bi-weekly e-letter delivered straight to your Inbox. As part of this exciting initiative, CableFAX will absorb **CT Daily** into its daily operations, allowing CableFAX to continue to serve this important audience through CableFAX Daily, the Web and e-letter, as well as awards programs,



# BUSINESS & FINANCE

conferences and other events. We're also on the lookout for contributors who can enlighten our audience, so get in touch with us if you fit the bill. Tech has become vital to the business. And CableFAX is on the case. If you have tech-related announcements, please send them to *Joyce Wang* at [jwang@accessintel.com](mailto:jwang@accessintel.com).

**Programming: Disney**, which acquired **Lucasfilm** for \$4bln in Oct, will bring 1-hour animated pilot "Star Wars Rebels" to **Disney Channel** in Fall '14. Production has started, according to the official "Star Wars" **Twitter** account. -- **Tennis Channel** will air more than 200 hours of **French Open** starting Sun. -- **Spike** is teaming with GameTrailers to air a live, 1-hour commercial free event, "Xbox: A New Generation Revealed" on Tues. -- Season 7 of **History's** "Ice Road Truckers" premieres June 7.

**People: Jennifer Leitman** is moving from **HGTV** and **DIY** to **Great American Country**, where she'll serve as svp, marketing and creative services. -- **Cablevision** tapped online grocery exec **Frank Mansour** as evp, customer service. Mansour, most recently chief customer officer at **FreshDirect**, will report to **Wilt Hildenbrand**, sr adviser, customer care, tech and networks. -- Former **ITV News** editor **Deborah Turness** was named pres, **NBC News**. She will report to **NBCU** News Group chmn **Pat Fili-Krushel**, as does **CNBC** pres **Mark Hoffman** and **MSNBC** pres **Phil Griffin**.

## CableFAX Daily Stockwatch

Company	05/20 Close	1-Day Ch	Company	05/20 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	64.44	(0.77)	CSG SYSTEMS:	21.70	0.09
DISH:	38.70	(0.29)	ECHOSTAR:	40.48	0.02
DISNEY:	66.12	(0.46)	GOOGLE:	908.53	(0.65)
GE:	23.57	0.11	HARMONIC:	6.08	0.03
NEWS CORP:	33.17	(0.18)	INTEL:	24.08	0.04
<b>MSOS</b>					
CABLEVISION:	15.29	(0.14)	JDSU:	13.89	(0.08)
CHARTER:	111.41	(0.73)	LEVEL 3:	22.80	(0.04)
COMCAST:	41.52	(1.12)	MICROSOFT:	35.08	0.21
COMCAST SPCL:	39.86	(1.17)	RENTRAK:	23.86	(0.35)
GCI:	9.36	(0.16)	SEACHANGE:	11.40	(0.19)
LIBERTY GLOBAL:	75.13	(0.36)	SONY:	20.97	0.63
LIBERTY INT:	22.97	(0.38)	SPRINT NEXTEL:	7.29	(0.03)
SHAW COMM:	22.52	(0.11)	TIVO:	12.66	0.08
TIME WARNER CABLE:	96.64	(1.31)	UNIVERSAL ELEC:	26.25	(0.32)
VIRGIN MEDIA:	50.21	(0.15)	VONAGE:	2.73	(0.02)
WASH POST:	468.75	1.94	YAHOO:	26.58	0.06
<b>PROGRAMMING</b>					
AMC NETWORKS:	66.28	(0.16)	<b>TELCOS</b>		
CBS:	51.05	(0.48)	AT&T:	37.22	(0.22)
CROWN:	2.07	0.03	VERIZON:	52.74	(0.61)
DISCOVERY:	78.84	(0.01)	<b>MARKET INDICES</b>		
GRUPO TELEVISA:	27.00	0.11	DOW:	15335.28	(19.12)
HSN:	55.43	(0.28)	NASDAQ:	3496.43	(2.53)
INTERACTIVE CORP:	50.88	(0.37)	S&P 500:	1666.29	(1.18)
LIONSGATE:	27.79	0.27			
SCRIPPS INT:	68.29	(0.76)			
STARZ:	22.71	0.01			
TIME WARNER:	60.07	(0.64)			
VALUEVISION:	3.77	(0.13)			
VIACOM:	69.69	(0.7)			
WWE:	9.22	(0.03)			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.27	0.08			
ALCATEL LUCENT:	1.56	0.02			
AMDOCS:	36.43	0.14			
AMPHENOL:	81.93	(1.36)			
AOL:	37.55	0.39			
APPLE:	442.93	9.67			
ARRIS GROUP:	16.75	UNCH			
AVID TECH:	6.93	(0.08)			
BLNDER TONGUE:	0.99	(0.01)			
BROADCOM:	37.40	(0.15)			
CISCO:	23.95	(0.29)			
CLEARWIRE:	3.26	0.06			
CONCURRENT:	7.06	0.07			
CONVERGYS:	18.22	0.10			

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# CableFAX TECH

## Rovi's Double Dip

As TV Everywhere momentum begins to pick up, count **Rovi** as one excited company. That's because TVE gives it a chance to add some new revenue from MVPDs. Its patent deals were initially all for TV, and included everything—guidance, search, DVR, parental controls, and so on. But now, its patents are moving off the television set to smart phones, tablets and 2nd screen devices that aren't licensed. Two years ago, Rovi did a deal with **Comcast** for its Xfinity initiative, and its talking to other MVPDs. Among traditional providers, Rovi has added a TVE license with providers that represent about 40% of those digital households, Rovi CFO *Peter Halt* said during last week's *JP Morgan* investor conference. "Our goal is to be close to 100% penetrated as we are in television," he said. Rovi also is working with OTT players, with **Hulu** and Rovi settling their patent suit and agreeing to a licensing deal in March. But the opportunity goes beyond the large OTT players, such as **Netflix** and **Amazon**. "You have services like **MLB.com** and other services where they're offering video and using search and other functionality that comes under our patent portfolio," Halt said. While Rovi historically does a TV license first, it opted to do a TVE agreement first with **Apple**. "We're as anxious to see how Apple does on the television front as anyone else," Halt said. "We have held off on licensing on the TV case until they actually do something in success because we think it will be a much better license proposition for us at that time."

**Xbox 2:** Tues is the big reveal of the next **Xbox**. The cable industry will be closely watching to see how much more of the living room the game console maker tries to grab. As Microsoft execs have said repeatedly (most recently at its NewFront), the company sees digital as a complement to TV. The newest Xbox generation is definitely about more than games, with use of Xbox Live more than doubling in the past year. Xbox 360 already lets viewers stream content from **Netflix**, **Hulu**, **Amazon** and others.

**MoCA Mojo:** Sales of set tops with embedded MoCA ("multimedia over coax") grew 23% in the 2nd half of '12, but MoCA adapter sales grew by 129%, according to **Infonetics Research's** latest Home Network Devices forecast. It expects MoCA set tops to account for 46% of home networking device sales by '17. "MoCA... is again driving growth in the home networking device market, particularly shipments of video gateways in North America," notes analyst *Jeff Heynen*. "Deployments of cable and satellite STBs with integrated MoCA are slowly reaching a boil, and we expect **DirecTV's** Genie, **DISH's** Hopper, and **Comcast's** XG1 set tops to see increased shipments throughout 2013 and beyond."

**OTT:** Social TV start-up **Dijit Media** launched web-based NextGuide, a platform that connects viewers to TV content from traditional TV and OTT services. The offering, still in beta version, provides unified search and watch list features. Integrated with Facebook, the guide allows viewers to share and receive recommendations from friends. -- Start-up **SimulTV** is launching an online streaming service billed as "Social TV Everywhere" because it combines video streams with overlaid social media widgets. It vows more than 100 channels and 5K VOD titles. Subscription packages will range from \$5 to \$20 per month. VOD titles will be priced at 99 cents and up.

**Convergence:** Wireless-wireline convergence on content rights is a big part of why Verizon partnered with **Comcast**, **Time Warner Cable**, **Bright House** and **Cox** on wireless, Verizon CFO *Fran Shammo* told attendees of **JP Morgan's** media/telecom conference last week. So why choose cable over satellite? Because 4G tech LTE can't compete with cable broadband in densely populated areas, Shammo said. Of course, **Samsung** just said it has developed core "5G" technology that could allow for 1Gbps wireless speeds. But not to worry, cable: It isn't expected to be ready until 2020.

June 24, 2013 | Awards Breakfast | 8:30 – 10:30 am | Grand Hyatt in NYC

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