

CableFAX Daily™

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What the Industry Reads First

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Hear This? Lawmakers Want Report on CALM Complaints

It has been about 6 months since the Commercial Advertisement Loudness Mitigation Act took effect, requiring MVPDs and broadcasters to make sure the volume for commercials is at the same level as regular TV programming. But it's not really clear how the industry is doing. Bill authors *Anna Eshoo* (D-CA) and *Sheldon Whitehouse* (D-RI) asked the **FCC** on Wed to provide details on how many complaints the agency has received since it went into effect Dec 13. **CableFAX** noted that the FCC's release of 4Q quarterly complaints showed large spikes for cable and broadcast, but the Commission didn't break out any specifics on whether there were any CALM complaints (**Cfax**, 5/14). CALM was only in effect for a tiny part of the quarter, but it received considerable press once it started. According to FCC figures, cable and satellite services' informal complaints increased by more than 67% in 4Q to 2799 from 1675 in 3Q12, primarily due to an increase in complaints regarding programming issues. By comparison, the number of complaints for cable in 4Q11 decreased by more than 12% to 1461 from 1663 in the previous Q. Radio and TV broadcast complaints in 4Q12 posted a triple-digit increase, up more than 104% from 2714 to 5544 during the period, due to an increase in complaints regarding "Programming—General Criticism." An Eshoo staffer said the request for specific data from the FCC wasn't related to any specific concern, but a matter of checking now that the 6-month benchmark is here. One asks if the FCC has received any specific complaints regarding commercials inserted during VOD programming. They also want to know if there are any patterns with regard to non-compliance and how many waiver requests from CALM have been received/granted.

Smart Homes: **DirectTV** entered the smart home market by acquiring **LifeShield**, a provider of wireless home security systems. DirectTV will integrate the PA-based firm's home security into its video offering, said a rep. Calling the smart home market "largely under-penetrated," the spokesman said the new service will complement DirectTV's core residential business. DirectTV will market the LifeShield services along with its video offerings nationwide to new subs in 1Q. Several MVPDs, including **Comcast**, **Time Warner Cable**, **AT&T** and **Verizon**, offer home security and automation services.

In the Courts: And so it continues... Following disruptions at its shareholder meeting and an investor conference

FEARNET

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last week, **Cablevision** filed a complaint in NY State Supreme Court Mon seeking injunctive relief against **CWA**. It wants the court to prevent the union and its organizers from allegedly interfering with Cablevision meetings and events, trespassing on its property and harassing employees. "Following the CWA's disruptive and disorderly conduct at recent Cablevision meetings and events, we are pursuing our legal rights," the MSO said. CWA District 1's Bob Master said "instead of filing meritless lawsuits and bullying people who stand up to them, the company should stop firing and illegally threatening its workers and leaving its customers behind."

Deals: Private equity firm **GTCR** simultaneously signed and closed the acquisition of **Cable Management Associates**, a subsidiary of privately held **Etan Industries**. GTCR and *Phil Spencer* formed **Rural Broadband Investments** in late 2012 for the purpose of acquiring broadband infrastructure assets in small and mid-sized communities. The CMA deal is the 2nd acquisition for RBI, which plans to build a platform of 300K-400K cable subs in small-to-mid-sized rural markets. It comes 1 month after it closed on its initial platform investment in **NewWave Comm**. CMA passes approx 120K homes in rural TX, IA, MS and NV. **RBC Capital Markets** represented Etan and served as Etan's exclusive M&A advisor. **Waller Capital** acted as exclusive financial advisor to GTCR and RBI. **SunTrust Robinson Humphrey** and **Goldman Sachs Bank USA** arranged debt financing in connection with the transaction.

Comcast Shuffle: Comcast is combining its **Comcast Media Center** and IP services to form **Comcast Wholesale**, a wholly-owned subsidiary. It unveils the rebranded group at the **Cable Show** next week. *Matt McConnell* will lead the group as svp/gm of Comcast Wholesale. The group also includes execs such as *Jeff Vogt*, vp, business operations & strategy; *Richard Buchanan*, vp/gm, Comcast Media Center; *Leslie Russell*, vp/gm of HITS; and *Barry Tishgart*, vp/gm, IP services.

Show Biz: Yet another sign this year's **Cable Show** is in DC. *Glenn Beck's TheBlaze* will host a Cable Show reception and conversation Tues featuring Rep *Marsha Blackburn* (R-TN), Sen *Ted Cruz* (R-TX) and Sen *Rand Paul* (R-KY). Moderated by *Mary Matalin*, the invitation-only event will delve into news and politics in a multiplatform world. No word yet on whether **MSNBC** will host a *James Carville*-moderated event across town... -- Everyone really does know everyone in D.C. **Ovation** is throwing a reception Mon, featuring some top-notch jazzers, including Dr *Michael Arenstein* on piano (brother to **CableFAX** contributor *Seth Arenstein*). The shindig also features Univ of MD's head of jazz *Chris Vadala* (he was *Chuck Mangione's* sax player) and *Paul Langosch* (former bass player for *Tony Bennett*). RSVP to: mmouro@ovationtv.com.

Innovation: Multiplatform video service provider **Vubiquity** inked a deal with **TiVo** to integrate its AnyVU streaming service, as well as integrate TiVo's user interface with ViewNow, Vubiquity's subscription movie package that offers HD and SD titles in various formats for viewing across platforms. -- Targeted TV ad provider **Visible World** friended cable tech firm **FourthWall Media** to help extend FourthWall's EBIF platform. The partnership lets Visible World turn on addressable advertising for the ops running the extended FourthWall platform.

Research: The North America broadband equipment market avoided its typical 1Q softness as cable competitors increased spending to "fight the aggressive DOCSIS 3.0 initiatives by cable operators," a study by **Infonetics Research** said. Internationally, spending on DSL, PON and FTTH equipment was down 7% in 1Q from the previous quarter, to \$1.5bln. -- Consumer spending on media and entertainment content will largely flow to digital media platforms over the next 5 years, according to **PwC's** latest report. It forecasts global entertainment and media spending will rise from \$1.6 trillion last year to \$2.2 trillion by '17, with the US remaining the largest market (reaching \$632bln in '17 from \$499bln last year). Digital media and entertainment spending in the US, driven by the wide adoption of smart devices, is expected to account for 43% of all spending in mature markets by '17, up from 31% last year. Tackling piracy will also be a priority for ops. That means "understanding consumers in order to deliver the right content to the right people, at the right time, place and price via the right experience."

Programming: **TBS** is taking *Keith Olbermann* off the bench and bringing him in to host its postseason **MLB** studio show. He'll join Hall of Famer *Dennis Eckersley*. *Cal Ripken, Jr.* will transition from the studio to the broadcast booth full time this postseason, joining *Ernie Johnson* and *Ron Darling*. *Brian Anderson* and *John Smoltz* also will serve as one of the net's lead broadcast teams. -- **BBC America's** supernatural series "Being Human" will wrap up its 5-season run on July 13. -- *Conan O'Brien* is coming to **TCM** this summer to host "Carson on TCM," a new series

BUSINESS & FINANCE

featuring *Johnny Carson* interviews from 3 decades of "The Tonight Show Starring Johnny Carson." It will debut July 1. -- UK-produced docu-series "Terror in the Skies," which features user-generated content to explore the reason for many near-misses in air travel, will debut on the **Smithsonian Channel** later this year. -- **Nick** will make its new live-action series "Sam & Cat" available exclusively on iTunes before its on-air premiere on Sat,

People: Kudos to *Marc Etkind*, who was elevated to gm, **Destination America**. Seems like the network was just launched a year ago. Oh, wait... it was! -- New to **UP** (formerly **GMC**) is **Turner's Lori Hall**, who be vp, consumer mktg. -- **Spike TV** has upped *Chris Rantamaki* to svp, original series and *Justin Lacob* to vp, original series. *Hayley Lozitsky* and *Kevin Bartel* join the net as vps of original series. -- *Amy Savitsky* advances to svp, program dev at **TLC**. -- **The Weather Company** added *Sandy Grushow*, ex-chmn of **Fox's** bcst net & TV studio and most recently chief content officer at **MediaLink**, and *Greg Blank*, principal in **Blackstone's** private equity group, to its board. -- **Al Jazeera America** hired former **NBC** reporter *Michael Viqueira* as White House correspondent.

Editor's Note: Feel those walls closing in? The **CableFAX** Program Awards deadline is June 21. Don't miss it! More info: <http://www.cable360.net/cfp/events/program2013/>

CableFAX Daily Stockwatch

Company	06/05 Close	1-Day Ch	Company	06/05 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	60.89	(0.68)	CSG SYSTEMS:	20.20	(0.41)
DISH:	38.30	(0.52)	ECHOSTAR:	38.97	(0.26)
DISNEY:	63.12	(1.23)	GOOGLE:	859.70	0.60
GE:	23.32	(0.34)	HARMONIC:	6.11	(0.05)
NEWS CORP:	31.70	(0.92)	INTEL:	24.70	(0.66)
MSOS					
CABLEVISION:	14.82	(0.29)	JDSU:	13.13	(0.19)
CHARTER:	113.92	(1.03)	LEVEL 3:	20.76	(0.42)
COMCAST:	40.19	(0.73)	MICROSOFT:	34.78	(0.21)
COMCAST SPCL:	38.72	(0.51)	RENTRAK:	23.14	(0.5)
GCI:	8.75	(0.19)	SEACHANGE:	10.54	(0.13)
LIBERTY GLOBAL:	72.60	(1.97)	SONY:	19.00	(0.82)
LIBERTY INT:	22.47	(0.53)	SPRINT NEXTEL:	7.20	(0.06)
SHAW COMM:	22.14	(0.45)	TIVO:	12.66	(0.06)
TIME WARNER CABLE:	92.97	(2.26)	UNIVERSAL ELEC:	26.40	0.02
VIRGIN MEDIA:	49.29	(0.81)	VONAGE:	2.68	(0.05)
WASH POST:	459.42	(8.89)	YAHOO:	25.75	(0.51)
PROGRAMMING					
AMC NETWORKS:	62.09	(1.63)	TELCOs		
CBS:	48.22	(0.89)	AT&T:	35.26	(0.41)
CROWN:	2.00	(0.04)	VERIZON:	48.30	(0.54)
DISCOVERY:	75.88	(2.81)	MARKET INDICES		
GRUPO TELEVISIA:	24.20	(1.37)	DOW:	14960.59	(216.96)
HSN:	55.27	(0.9)	NASDAQ:	3401.48	(43.78)
INTERACTIVE CORP:	48.15	(0.13)	S&P 500:	1608.90	(22.48)
LIONSGATE:	28.36	(0.87)			
SCRIPPS INT:	65.64	(1.46)			
STARZ:	21.64	(0.63)			
TIME WARNER:	56.90	(1.44)			
VALUEVISION:	4.64	(0.3)			
VIACOM:	66.62	(1.33)			
WWE:	9.64	(0.17)			
TECHNOLOGY					
ADVANTAGE:	2.22	(0.05)			
ALCATEL LUCENT:	1.68	(0.06)			
AMDOCS:	35.35	0.03			
AMPHENOL:	76.74	(0.98)			
AOL:	34.09	(0.54)			
APPLE:	445.11	(4.2)			
ARRIS GROUP:	14.30	(0.63)			
AVID TECH:	6.52	(0.05)			
BLNDER TONGUE:	1.04	(0.01)			
BROADCOM:	35.13	(0.5)			
CISCO:	24.32	(0.04)			
CLEARWIRE:	4.32	0.01			
CONCURRENT:	7.09	(0.14)			
CONVERGYS:	17.47	(0.27)			

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Think about that for a minute...

Differentiation

Commentary by Steve Effros

We've reached the competitive point in the various businesses engaged in by "cable telecommunications" providers that it's necessary to repeat, once again, what we do. The NCTA recently re-ran some ads they created last year with the tag line; "It's more than TV, It's how we Connect." I still think that's one of the best short-form descriptors I've seen.



The challenge now is to understand, first from both a regulatory and business point of view, that we are not the only ones offering "connections." Folks can now connect using cellular, WiFi, competitive wireline systems, and even satellite. Further, the things we provide in the various connections we offer often look very similar to what our competitors offer.

For instance, nothing prevents the legal distribution (we'll leave Aereo out of this for the time being) of broadcast signals by DBS or "TelcoTV" providers. And they both do.

Similarly, nothing prevents programmers, unless they have cut "exclusive" deals, from selling distribution rights to multiple competitors. That's happening too. ESPN, HBO, Discovery, C-SPAN and all the rest are available on all of the different platforms I just listed. It's because of this, as I mentioned last week, that some Judges (and hopefully soon the FCC as well) are coming to the conclusion that there is, indeed, a vibrant, highly competitive, non-dominant marketplace. One that does not reflect the reasoning of prior rules, regulations and statutes that really are no longer applicable, but for some reason are still blindly enforced.

The challenge this reality faces us with is that for the competition to "work" for all of us, it demands that we differentiate our offerings. How do you do that? Well, there's always price, but we're limited in that regard because the debt to build the systems and the expectations of stock

holders, which allow us to continue to borrow money to maintain and upgrade our systems, is immutable.

How about "service"? To be sure, customer service is an area we can always improve upon, but there are practical limits to that, as well. We simply can't guarantee "instant" installs, or "flawless" equipment. There are no such things.

So where will the differentiation come from? Well, for some, like Netflix or DirecTV it comes from exclusive programming. "Sunday Ticket" NFL games, which cable operators have not been able to offer, or "House of Cards" have had a similar effect to HBO's "Game of Thrones" or before that "The Sopranos" for cable. And of course there are lots of others we could point to, like "Dexter," or "Planet Earth" or "Mad Men." But the differentiation starts to fade, since those programs and channels are now offered by more than one competitor. So how do we differentiate in the future?

Clearly there will be more "exclusive" programming. That's one way to go. But there is now also increasing competition in the how of delivery, and the ease of navigation. Verizon made a significant competitive point of "fiber to the home." Consumers can't really see the difference between the digital signals delivered by HFC or FTH, but it was a great competitive advertising gambit, and it worked. Now we are seeing differentiation with new navigation capabilities or "Hopper" DVRs. Again, good ideas and ways to differentiate delivery.

I just hope that as this new, creative and technical differentiation grows, the government stays out of the way and resists the urge to "standardize." That would be the antithesis of promoting the consumer benefits now being gained by differentiation. And that goes for broadband delivery as well.

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)

CableFAX

PROGRAM AWARDS

From the most outstanding cable programs to the best surprise ending, the annual CableFAX Program Awards honor the best in cable programming, content and people. This unique awards program from the industry's most trusted brand, CableFAX, raises the bar on what's good on and about cable. Now's your chance to win a CableFAX Program Award and get recognized for bringing value to your viewers.

It's simple to compete, as your content and people speak for themselves. But you have to enter to be considered, so don't let your competitors steal the show. We'll be honoring the winners and honorable mentions in September.

Sponsorship Opportunities: Amy Abbey at aabbey@accessintel.com
Entry Questions: Mary Lou French at 301.354.1851 or mfrench@accessintel.com

