

# CableFAX Daily™

Thursday — June 7, 2012

What the Industry Reads First

Volume 23 / No. 109

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FROM THE CREATOR OF  
**THE WEST WING** & WRITER OF **THE SOCIAL NETWORK**

# THE NEWSROOM<sup>SM</sup>

SERIES PREMIERE **HBO**<sup>®</sup>  
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## Be Safe: June Ratchets Up Internet Safety Efforts

It's apt that Internet Safety Month falls in June, the same time that a rash of misguided **Facebook** status updates are appearing, warning people and companies that they don't have permission to use any profile information, etc. Facebook users' misguided attempts at controlling their online identities show how important the issue is to users, even though the status updates are legally invalid. Prepare yourself for an onslaught of messaging on Internet safety in the coming weeks from lawmakers and ISPs. A lot of it will focus on protecting children, but given the outbreak of that Facebook chain letter, education on privacy controls and privacy expectations for adults also would be a good idea. After all, parents are the ones trying to help guide teens and tweens through cyberspace. **Cox** has focused on Internet safety in June and the 11 other months for years with the help of child advocate *John Walsh*. On Wed, it released a survey of kids 10-13 that it partnered on with the National Center for Missing and Exploited Children. Parents are doing a good job of monitoring children's online behavior, but there is room for improvement, particularly when it comes to mobile and other connected devices, the survey said. Nearly all tweens surveyed (95%) use mobile devices to go online. 68% of parents surveyed said they monitored their child's Internet behavior on mobile devices, the survey showed that just 17% use basic parental control features. While 82% of parents considered themselves very knowledgeable about what their tweens do online, you have to wonder what goes on that they don't know about. 44% of kids surveyed admitted to looking at or watching something that their parents wouldn't approve of (only 28% of parents were aware of this), and 34% admitted that they've lied to parents about what they've done online (only 18% of parents were aware of this). Keep on the lookout for other ISPs to safety awareness campaigns. Cox will be hosting a series of events, including a satellite media tour and Tweet Up with Walsh on June 28, in which he'll answer questions from bloggers. Cox also will produce a series of PSAs taking parents to its [cox.com/takecharge](http://cox.com/takecharge) site.

**Take My Money, HBO:** What do you do when the Twittersphere goes crazy trying to change your business model? Apparently, respond via **Twitter**, pointing tech lovers to a popular Web pub. If you haven't kept up with the **HBO** saga, here's a recap: Tues evening, Web designer *Jake Caputo* launched [takemymoneyhbo.com](http://takemymoneyhbo.com). "We pirate Game of Thrones, we use our friend's HBO GO login to watch True Blood... Please HBO, offer a standalone HBO GO

EVERYTHING IS AT STAKE

# TRUE BLOOD

SUNDAY AT 9 HBO  
OR WATCH IT ON HBO GO

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streaming service and Take My Money!” the site proclaims, asking visitors to insert how much they’d be willing to pay and automatically tweeting it. Tens of thousands have visited the site, and a script has reportedly found that the avg price people are willing to pay a month is about \$12. This morning, HBO addressed the elephant in the room through a tweet: “Love the love for HBO. Keep it up. For now, @ryanlawler @TechCrunch has it right: itsh.bo/JLTSFE #takemymoneyHBO.” Lawler’s *TechCrunch* post explains how at \$12/month, this just isn’t feasible since HBO would lose the support of MVPDs and their marketing power. Based on the multiplying number of #takemymoneyHBO tweets, we’re wondering just how long this will last... -- Completely unrelated, **HBO GO** launched on **Kindle Fire** Wed, allowing authenticated cable subs to view the service on yet another platform.

**In the Courts:** **TiVo** countersued **Cisco** over alleged infringement of DVR patents, days after Cisco sued to void the DVR maker’s patents (**Cfax**, June 4). TiVo wants Cisco to pay compensatory and other damages. Cisco’s complaint claims TiVo is refusing to fairly license its patents.

**Viewability:** An **NCTA** staffer said about 20-25 folks turned up just after 12pm Wed to demonstrate against the expiration of the viewability rule. The Natl Black Church Initiative announced that it would demonstrate outside of NCTA and the **FCC**, saying it’s concerned that the rule’s sunset could have a serious negative impact on faith-based programmers featured on must-carry stations. NBCI estimates that 15% of its membership will be “harshly affected” if the rule is allowed to expire this month. The rules, instituted ahead of the DTV transition, require ops to carry analog and digital must-carry signals. NCTA has said mandatory carriage of must-carry stations in analog disrupts ops’ ability to manage their digital transitions. NAB, on the other hand, is in favor of extending the rule.

**Launch Pad:** **In Demand** and **Comcast Media Center** have been chosen by Pac-12 Ent to provide technical distribution services for the Pac-12 Networks, launching in Aug. In Demand and CMC will provide distribution services for the 7 linear feeds (1 national and 6 regional) as well as a free VOD package including approx. 20 hours/month, plus a TV Everywhere solution.

**Technology:** Eight carriers around the world, which includes **AT&T**, will collaborate in the Open Visual Comm Consortium’s first wave of multi-net video service in fall. Initial offerings will include scheduled meetings, content sharing and encryption. -- **Comcast** unit **thePlatform** launched “mpx Essentials,” a video publishing system that improves Web video management. It allows users to upload, store and distribute videos to their own sites, other sites, mobile devices, and tablets.

**M&A:** **Rupert Murdoch**’s joint venture with **ESPN** ended Wed. **News Corp** will buy out ESPN’s 50% stake in **ESPN**

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**STAR Sports.** The deal will allow News Corp to own and operate all of ESS businesses while offering ESPN more independence and flexibility in future support of **Walt Disney Company's** Asia operations. As a result of the buyout, *Manu Sawhney*, ESS md, will be replaced by *Peter Hutton*, svp, Sports for Fox International Channels.

**Online:** TNT will launch post-ep Webshows for the upcoming "Dallas" and returning series "Falling Skies." "Dallas Round-Up" will air for 9 weeks, debuting June 13, 11pm ET (dallastnt.com); "2nd Watch" will be hosted by *Wil Wheaton* (premieres June 17, 11pm at fallingskies.com). -- Nice showing for **Disney Jr's** "Mickey Mouse Clubhouse Road Rally Appisode," its 1st interactive episode the iPad. The app ranked as the #1 free iPad app last week. Meanwhile, its "Jake's Never Land Pirate School" app has been turning in solid performance on the iPad education app chart. --

**Ovation** partnered with **Milyoni** to make each of the 7 eps of upcoming dance competition series "A Chance to Dance" available to stream for a fee on Facebook following their linear premiere in Aug. The series also will be available for free via VOD and TV Everywhere to Ovation subs. The net said it was the 1st time a US cable network series will premiere on SD and HD linear channel, VOD, TVE and **Facebook**.

**Digital Hot List:** At our Digital Breakfast at the Cable Show, **CableFAX** honored our 2012 Digital Hot List and 15-to-Watch list. Over the next few weeks, we'll be featuring those honorees in our pages as we share some of their answers to our wide-ranging questionnaires. **Greg Calvert, Director, Video Product Management, Time Warner**

**Cable: What's your favorite digital toy and why?** The iPad. This will no doubt fuel my colleague's accusations that I am the ultimate Apple fan boy, but who cares? It is truly a revolutionary device, and the growth of this category in just two years is nothing short of astonishing. I think tablets are like digital Swiss Army knives. They're great personal media players, but the screens are big enough for two people to share. They power on instantly. They have usable keyboards, so they are the ultimate TV navigator. They have cameras, so it's also a portable video conferencing system. View a Powerpoint presentation? Sure. Once you have one, you can't imagine living without one.

Yeah, I guess I am a fan boy. **The biggest challenge with TV Everywhere/authentication is:** Keeping it simple. The industry needs to work together to deliver TVE experiences that mirror the elegant simplicity of the set-top box: turn it on and it just works. **What's cable's biggest digital opportunity in the next year?** I think there is a great opportunity for operators and networks to collaborate on synchronized second screen features for top-rated shows. The promise of interactive television has gone largely unfulfilled, but tablets and smartphones are definitely going to change that. The only difference is the interactivity takes place on your personal screen instead of the TV screen. The ability to communicate with audiences on a personal level versus a household level is the icing on the cake.

**What digital strategy mistake must cable avoid at all costs?** Time Warner Cable doesn't view consumer owned consumption devices (like tablets) as something that should be "leveraged." These devices are no different than TV sets in the current business and should be treated as such. Customers should be able to access their subscribed content on any device at any time. **What's on your wish list for the iPhone 5?** 4G LTE with a 3300 mAh battery. Wait, this is a wish list—make that 5000 mAh. **Would you rather own a flying car or a jetpack—and why?** Jetpack. I live in Manhattan. Flying or otherwise, I still have to find a place to park a car. **[For the complete list of nominees see <http://www.cablefax.com/cfp/bowdigitalhotlist2012/>]**

**Programming:** "The Dog Whisperer" will end its run on **Nat Geo Wild** with its 9th season (debuts July 7). -- **ID** greenlit "On the Case with *Paula Zahn*" for a 7th season set to being in 4Q. Season 6 premiered Sun with a 1.01 HH rating—the 4th time the series has broken the 1.0 benchmark in prime. -- **Spike** is gearing up for 6-ep competition series, "Last Family on Earth," which features families vying for a spot in an underground state-of-the-art Vivos bunker, with the finale featuring the family moving in before the Mayan calendar's prediction of the end of the world (fall debut). -- **Disney Jr** greenlit a 2nd season of "Doc McStuffins." -- **TNT** will kick off coverage of the next 6 Sprint Cup races with this Sun's race at Pocono Raceway (noon start). -- **TLC**'s back in the property game with "Four Houses" premiering July 2, 10pm. The competition series pits 4 homeowners against each other as they critique and score each other's homes for the chance to win \$10K and an opportunity to be featured in *Better Homes and Gardens* magazine.

**On the Circuit:** Mark your calendar for June 13. That's when the S.I. Newhouse School of Public Communications at Syracuse Univ will bestow its inaugural *John M Higgins* Award for Best In-Depth/Enterprise Reporting. The award, co-sponsored by **Discovery** and **Time Warner Cable**, remembers the late *B&C* business editor who passed away in '06. We hear *Leo Hindery* will present the award, and *Anderson Cooper* will emcee the event. -- For the 3rd time in 4 years, **SCTE** reports a record number of abstracts for technical sessions at Cable-Tec Expo in Orlando in Oct. More than 250 papers were submitted.

# BUSINESS & FINANCE

**Affiliate Relations:** Outdoor Channel's "Spring Fever Sweepstakes" had more than 120 cable affiliates participate this year, with a record 165K consumers entering. The grand prize winner from Erie, PA, won a Somerset folding camping trailer.

**People:** The Weather Channel Companies appointed *George Callard*, svp legal and business affairs, as gen counsel. Callard's former vp, legal and business affairs at **NBCU**. -- As part of previously announced restructuring of the legal team, **Fox Networks Group** promoted *Kelly Cline* to evp, ent, *Matthew Bensen*, svp, network distribution, *Phillip Gharabegian*, svp, sports. -- **Cineflix Media** hired "Hoarders" producer *Jody Flynn* as evp, programming. Flynn will generate content for new and returning reality series of major cable nets. -- **MundoFox** hired *Javier Szerman* as vp, content dev. **The Fox International Channels Latin America** alum will work on original content, including drama and comedy series, talk and variety shows. -- **AETN** elevated *Sean Cohan* to evp, intl.

**Business/Finance:** **Sanford Bernstein** initiated **Charter** at "outperform" with a \$76 price target. Declaring that the MSO has "the longest growth runway of any public cable operator," the firm predicts Charter will grow free cash flow per share at a 26% CAGR over the next 4 years to approx \$9.98/share in '15.

## CableFAX Daily Stockwatch

Company	06/06 Close	1-Day Ch	Company	06/06 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	44.18	(0.06)	CLEARWIRE:	1.20	0.01
DISH:	27.82	0.73	CONCURRENT:	4.00	0.03
DISNEY:	45.53	0.69	CONVERGYS:	14.29	0.33
GE:	18.88	0.64	CSG SYSTEMS:	16.58	0.21
NEWS CORP:	19.57	0.74	ECHOSTAR:	27.62	0.71
<b>MSOS</b>					
CABLEVISION:	11.74	0.30	GOOGLE:	580.57	10.16
CHARTER:	63.75	0.24	HARMONIC:	4.39	0.06
COMCAST:	29.75	0.72	INTEL:	26.07	0.64
COMCAST SPCL:	29.26	0.67	JDSU:	10.35	0.60
GCI:	6.84	0.13	LEVEL 3:	20.65	0.55
KNOWLOGY:	19.52	(0.01)	MICROSOFT:	29.35	0.84
LIBERTY GLOBAL:	47.04	0.89	RENTRAK:	15.83	0.03
LIBERTY INT:	16.74	0.15	SEACHANGE:	8.40	0.22
SHAW COMM:	18.99	0.29	SONY:	13.59	0.39
TIME WARNER CABLE:	75.70	0.51	SPRINT NEXTEL:	2.72	0.19
VIRGIN MEDIA:	22.41	0.62	TIVO:	8.40	0.08
WASH POST:	359.41	8.17	UNIVERSAL ELEC:	12.20	0.21
<b>PROGRAMMING</b>					
AMC NETWORKS:	38.97	0.74	VONAGE:	1.79	0.02
CBS:	31.93	0.46	YAHOO:	15.36	0.27
CROWN:	1.54	0.02	<b>TELCOS</b>		
DISCOVERY:	50.30	1.28	AT&T:	34.56	0.50
GRUPO TELEVISIA:	19.37	0.34	VERIZON:	41.77	0.57
HSN:	40.14	1.17	<b>MARKET INDICES</b>		
INTERACTIVE CORP:	45.70	1.29	DOW:	12414.79	286.84
LIONSGATE:	12.74	0.63	NASDAQ:	2844.72	66.61
LODGENET:	1.46	UNCH	S&P 500:	1315.13	29.63
NEW FRONTIER:	1.67	0.05			
OUTDOOR:	6.27	0.09			
SCRIPPS INT:	54.83	1.05			
TIME WARNER:	34.86	0.82			
VALUEVISION:	1.82	0.09			
VIACOM:	51.26	1.19			
WWE:	7.76	0.06			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.15	(0.06)			
ALCATEL LUCENT:	1.58	0.08			
AMDOCS:	29.16	0.41			
AMPHENOL:	54.15	0.88			
AOL:	27.40	0.21			
APPLE:	571.46	8.63			
ARRIS GROUP:	12.45	0.29			
AVID TECH:	7.40	UNCH			
BLNDER TONGUE:	1.01	0.01			
BROADCOM:	34.22	1.52			
CISCO:	16.68	0.56			

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## Think about that for a minute...

### The Intermesh

Commentary by Steve Effros

We've long known that the cable infrastructure was the core of our business. At least some of us have. The rest are finally beginning to understand. While we've certainly had a major impact on "media"... think of everything from HBO to CNN to ESPN, we're not really just a "media company."

We're becoming a major player in the provision of voice telephone. But we're not a "telephone company." And the wonders of the Internet, that network of interconnected data servers and routers, reaches most folks in the country through our ISP broadband service, but we're not simply an "ISP provider." What we are is the backbone of all of them, and the latest developments in "wireless" service only proves the point.



Some of the largest cable companies have announced their intention to, in essence, interlink their WiFi offerings so that a customer of any one of them can access and be authorized to use the WiFi services of any of the others. Hopefully this will spread to just about all operators in all parts of the country. It's a major new development in providing service to our customers. I suspect it's going to be one of the most significant new developments allowing broadband communications to continue to rapidly and efficiently expand.

Wireless services are wonderful. They make things easy for the user. The iPhone/Smartphone sweep of the country has proved that. The same is true of WiFi distribution in the home. It's an easy and increasingly preferred way to "wire" our homes and have service available on our computers, phones, and tablets wherever we happen to be.

Now, with the additional use of things like Bluetooth technology to effectively extend the WiFi signal to individual devices cheaply and with existing technology in a lot of cases, the consumer has the best of all worlds.

As an example, I just got a really good (Bose Soundlink) battery powered Bluetooth enabled speaker. It's amazing. Wonderful sound that I can move anywhere and control from my phone or iPad linked to my WiFi and ultimately delivered by my cable infrastructure. The phone or iPad in effect becomes the tuner and remote control. There are lots of these new "wireless" devices coming on the market (as well as television sets using WiFi or Bluetooth as the final connection).

But my guess is a lot of our customers are getting so used to the "wireless" aspect of their phones or their "Smart TVs" that they simply forget that the backbone that makes it all work is the cable infrastructure. The whole notion of "TV Everywhere" with the use of portable screens could not work without these new wireless technologies. However they, in turn, couldn't efficiently succeed without cable.

There's little argument that wireless phone spectrum, by itself, can't sustain the increasing demands of voice, video and data, and won't be able to for many years to come, if ever. But the cable infrastructure using a combination in many instances of cable, fiber, WiFi and Bluetooth or some other technology to link devices inside the home, in other words a "mesh" of technologies with, at its base, the broadband cable, is what is and will continue to deliver what users want.

The extension of the WiFi mesh outside the home, in the airports, shopping malls, central city areas, parks and the like, all with inexpensive WiFi equipment linked directly into the cable already passing these areas, is going to be the next major step in creating and sustaining the ever-increasing use of the "Intermesh."

Steve

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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 Jeff 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 different 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