

# CableFAX Daily™

Friday — June 24, 2011

What the Industry Reads First

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## Still Smoking: Viacom Turns Legal Sights on Cablevision

If it seemed like the heat over live cable iPad apps was dying down, guess again. One day after agreeing to a “standstill” with Time Warner Cable, Viacom filed suit against Cablevision over the same thing. “We have taken this action to protect our valuable content,” Viacom said. “Over the last few months, we have had limited and unproductive discussions with Cablevision about licensing iPad rights. We remain open to productive discussions, but we cannot wait indefinitely while our networks are being distributed without permission.” Cablevision is taking the same stance in the case as TWC—that the iPad functions as a TV and the service delivered securely on CVC’s own proprietary network. “Cablevision’s very popular Optimum App for iPad, which has been available to our customers for nearly three months, falls within our existing cable television licensing agreements with programmers—including Viacom.” Earlier this month, Cablevision said it surpassed 1mln min watched in a single day on the app. While TWC and Viacom’s agreeing to a “standstill agreement” to take a break from legal wrangling might seem like a positive, sources caution against reading too much into it. The agreement, which may be terminated by either party given 5 days notice, gives them a little more breathing room as they talk. And yes, they are talking. Meanwhile, Viacom nets remain unavailable on Time Warner Cable’s iPad app. They are still on Cablevision’s app, which launched Apr 2. “Unless enjoined by this court, the iPad App will continue to result in substantial and irreparable injury to Viacom that is not fully compensable in money damages,” Viacom said in its complaint in the US District Court for Southern NY. Among other things, the programmer said it interferes with opportunities to license content to 3rd party providers and to distribute programming through its own wireless broadband sites.

**Ahoy, Pirates:** ISPs and media companies are “closer than ever” to reaching a deal that would establish protocols for customers who use broadband networks to pirate video, music and other intellectual property, CNET reports. Something could be announced next month. NCTA declined comment on the report, which stressed that a final agreement has not been reached yet.

**At the Portals:** Here’s one for those looking for evidence on why govt tech mandates can be counterproductive. The FCC Media Bureau is seeking comments on TiVo’s petition to waive certain Cable Ready requirements for its Pre-

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&

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## Top Ops Issue

Publication Date: July 25 | Ad Close: July 7 | Artwork: July 11

**Bonus Distribution:** The Independent Show in San Francisco, CA

**Special Section:** Top Technology

We invite you to celebrate your most important partners’ successes and your achievements with a brand ad or a congratulatory ad in the July, Top Ops issue of CableFAX: The Magazine. Call us for a full list of all the honorees as well as for advertising packages.

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miere Elite CableCARD-enabled DVR designed to work with all-digital cable systems. TiVo wants out of a requirement that all cable-ready CE devices be capable of receiving analog NTSC channels 1-125, saying it's an unnecessary barrier to the market for all-digital video recording devices. Comments are due July 25; replies Aug 9.

**Multichannel Market:** Cable's video sub tally in the top 15 US markets dipped 3.8% in 1Q to 23.16mln while DBS experienced a slight gain to 10.64mln and telcos surged to 4.39mln on 24% growth, according to **SNL Kagan**. As telcos particularly excelled in L.A. (+50.9%) and Chicago (+49.5%), cable had a tough go in Atlanta (-8%) and Dallas-Fort Worth (-7.7%). DBS was also southern fried in Atlanta, losing 5.1%. **Comcast** is the largest provider in the 15 markets with 11.6mln subs, and **Cablevision's** 2.9mln subs in NY marks the largest individual total of any DMA. Cable owns its greatest market share in NY and Boston. **[For more info go to CableFaxDaily.com]**. -- 87% of nationwide homes receive some form of multichannel video service, according to **Leichtman Research**. That's on par with '10 and up from 80% since '04. Although 12% of non-subscribers paid for a service last year, Leichtman said the percentage of non-subs who dropped service has been "fairly consistent" over the years. 9% of cable, 8% of satellite and 6% of telco customers are likely to switch providers in the next 6 months, with multichannel subs earning less than \$50K/year more likely to switch than those earning more.

**OTT:** The busy OTT space just got a little more frenetic, with **Amazon** beefing up its streaming service as **Hulu** prepares for a possible sale (see pg. 4), and **Netflix** and **Starz** continue their noteworthy contract negotiations (**Cfax**, 6/21). **Amazon Prime** added more than 1K additional movies and TV shows that are available for instant streaming to members who pay \$79/year and also receive unlimited, free 2-day shipping at the site. Touted are films such as "The Right Stuff" and the last 7 seasons of "Sesame Street," leaving **BTIG's Richard Greenfield** underwhelmed. "We simply do not view Amazon as a serious threat to Netflix with this level of content... Amazon either needs to go all-out and start paying up for better content or they should stop promoting the streaming content component of Prime so aggressively," said Greenfield.

**Advertising: BIA/Kelsey** expects overall US mobile ad spending to grow from \$790mln last year to \$4bln in '15 owing mainly to growth in locally targeted ads. The local segment repped 51% of the market in '10 and is expected to account for 70% by '15, powered by smartphone penetration, mobile Web usage and related ad inventory increases.

**Technology: Charter Business** deployed a long-haul Ethernet service to extend the reach of Optical Ethernet service beyond a metro area and allow enterprise and carrier customers to seamlessly connect multiple business locations within Charter's footprint, regardless of distance. -- Now being offered on a limited basis, the cloud-based **AT&T Content Delivery Network** aims to ensure fast delivery of digital content on commercial Websites. -- The **Hulu Plus** app is now available on **Android** smartphones. -- **Bravo Media** created 3 new customized designs for the inaugural network-branded themes for the **Google** Chrome Web browser, including 2 "Million Dollar Decorators" themes and a Bravo theme based on its signature talk bubble. The network will roll out additional show themes for Chrome users throughout the year.

**Measurement: comScore** unveiled **Device Essentials**, a service reporting on digital traffic by device. In the US in May, for example, the iPad accounted for approx 22% of the non-computer device traffic and Android handsets nearly 36%.

**On the Hill: Sen Commerce** will hold a hearing Wed on privacy and data security, examining how entities collect, maintain, secure and use personal info. A witness list hasn't been announced yet.

**Ratings: Nielsen** reported that more than 25mln viewers (combined HH rating of 16.4) watched *President Obama's* address on the war in Afghanistan Wed. That number encompasses 9 nets, including the Big 4 as well as **CNN**, **Fox News** and **MSNBC**. -- The 2-hour premiere Sun of **TNT's** "Falling Skies" lured 5.91mln total viewers to rank as cable's top series launch so far this year and biggest scripted series debut since the net's "Rizzoli & Isles" last summer. The show also delivered 3.24mln 25-54s and 2.64mln 18-49s. -- The return of **Lifetime's** "Drop Dead Diva" became the series' most-watched season premiere among 25-54s (1.56mln), 18-49s (1.32mln), women 25-54 (1.22mln) and women 18-49 (998K).

**Programming:** The 9th season of enduring hit "Project Runway" premieres July 28 on **Lifetime**, which has enjoyed recent ratings success with "Army Wives" and "Drop Dead Diva." Even so, **AETN** has taken to plugging eps of History stalwarts "American Pickers" and "Pawn Stars" into the net's sked. Last week, the shows ranked as Lifetime's 8th and 9th most-watched telecasts, respectively, earning 1.29mln total viewers on Tues (9-10pm) and 1.19mln on Fri (7:30-8pm). -- Proving it remains a real deal after more than 2 decades, **MTV's** "The Real World" returns to San Diego this fall for a 26th season. -- **Fox Soccer's** live coverage of the US-Mexico '11 CONCACAF Gold Cup final kicks off at 9pm ET; coverage begins at 8:30.

# BUSINESS & FINANCE

-- **G4** premieres 2 original **Marvel** anime series, "Iron Man" (July 29, 11pm) and "Wolverine" (July 29, 11:30pm).

**Healthier TV:** Though it doesn't help with bedbugs, **DirectTV's** Residential Experience for Hotels features an anti-microbial remote control designed specifically for the lodging industry. Currently testing in select properties and slated for a national rollout later this summer, the service offers more than 100 HD channels and an enhanced IPG through compact set-tops.

**Editor's Note:** Don't delay! Fri is the deadline to submit your shows for consideration in our 2011 Program Awards! More info: <http://www.cable-fax.com/cfp/awards/Program2011/>

**People:** **BETN** welcomed *Vicky Free* as evp, marketing. -- **Sundance Channel** named former **MTV** exec *Michael Lehrer* vp, strategic marketing.

**Honors:** Congrats to class act and **ESPN** svp, comm *Rosa Gatti*, who will receive the Mary Garber Pioneer Award Fri. The award from the **Assoc for Women in Sports Media** recognizes individuals who have broken barriers and served as role models for women in sports media. Gatti, who has been at ESPN for 31 years, is the 1st PR pro to win the award since it was established in '99. -- **HSN** CEO *Mindy Grossman* received the **Ernst & Young** Entrepreneur of the Year '11 Florida Award in the corporate innovator award category for the West Central FL region.

## CableFAX Daily Stockwatch

Company	06/23 Close	1-Day Ch	Company	06/23 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	47.98	0.34	BLNDER TONGUE:	1.78	UNCH
DISH:	28.39	(0.11)	BROADCOM:	32.79	0.64
DISNEY:	37.82	(0.49)	CISCO:	15.47	0.11
GE:	18.38	(0.18)	CLEARWIRE:	4.02	(0.15)
NEWS CORP:	17.17	(0.15)	CONCURRENT:	5.84	(0.02)
<b>MSOS</b>					
CABLEVISION:	34.73	(0.63)	CONVERGYS:	13.53	(0.13)
CHARTER:	55.52	(1.62)	CSG SYSTEMS:	18.18	0.17
COMCAST:	23.71	(0.21)	ECHOSTAR:	35.19	(0.19)
COMCAST SPCL:	22.63	(0.19)	GOOGLE:	480.22	(6.79)
GCI:	12.17	0.26	HARMONIC:	7.27	0.17
KNOLGY:	14.64	0.09	INTEL:	21.71	0.32
LIBERTY CAPITAL:	81.38	0.07	JDSU:	16.66	0.46
LIBERTY GLOBAL:	42.03	0.53	LEVEL 3:	2.32	0.04
LIBERTY INT:	16.31	0.09	MICROSOFT:	24.63	(0.02)
SHAW COMM:	21.06	(0.26)	MOTOROLA MOBILITY:	23.46	UNCH
TIME WARNER CABLE:	74.52	(0.96)	RENTRAK:	16.56	(0.13)
VIRGIN MEDIA:	30.87	(0.06)	SEACHANGE:	10.56	0.18
WASH POST:	411.97	0.52	SONY:	25.29	0.35
<b>PROGRAMMING</b>					
CBS:	26.70	0.04	SPRINT NEXTEL:	5.06	(0.06)
CROWN:	1.81	0.10	THOMAS & BETTS:	51.54	(0.91)
DISCOVERY:	40.64	(1.05)	TIVO:	10.10	(0.1)
GRUPO TELEVISA:	24.17	0.41	UNIVERSAL ELEC:	25.05	0.37
HSN:	30.95	0.11	VONAGE:	4.44	0.24
INTERACTIVE CORP:	36.66	(0.82)	YAHOO:	15.08	(0.14)
LIBERTY:	41.35	(0.06)	<b>TELCOS</b>		
LIBERTY STARZ:	70.28	(2.08)	AT&T:	30.72	(0.16)
LIONSGATE:	6.63	0.10	VERIZON:	36.05	0.11
LODGENET:	3.34	0.04	<b>MARKET INDICES</b>		
NEW FRONTIER:	1.33	(0.02)	DOW:	12050.00	(59.67)
OUTDOOR:	6.08	0.04	NASDAQ:	2686.75	17.56
SCRIPPS INT:	47.53	(0.61)	S&P 500:	1283.50	(3.64)
TIME WARNER:	35.16	(0.31)			
VALUEVISION:	8.19	(0.01)			
VIACOM:	55.37	(0.83)			
WWE:	9.72	(0.04)			
<b>TECHNOLOGY</b>					
ADDVANTAGE:	2.57	0.04			
ALCATEL LUCENT:	5.33	(0.03)			
AMDOCS:	29.80	0.05			
AMPHENOL:	51.51	0.31			
AOL:	19.80	(0.51)			
APPLE:	331.23	8.62			
ARRIS GROUP:	10.90	0.07			
AVID TECH:	18.14	0.58			
BIGBAND:	2.28	0.02			

## TRADITIONAL TV VIEWERSHIP INCREASED BY HOW MANY MINUTES YEAR-OVER-YEAR?

Want the answer? Just Ask Nielsen.™

**ANSWER: 22 minutes per month**

Traditional TV viewership remains dominant while consumers are increasing time spent viewing video content across platforms. For more information about emerging trends in media consumption download The Cross-Platform Report at Nielsen.com.



**PROGRAMMER'S PAGE** with Chad Heiges and Seth Arenstein

**Tasty Target?**

Hulu has hired **Guggenheim Partners** and **Morgan Stanley** to help facilitate its sale, according to reports, which begs only 1 important question: who is willing to pony up for the popular property. That owners including **Comcast**, Disney and **News Corp** are considering a transaction isn't surprising, not with the healthy sum Hulu would attract and the tons of content matriculating online. Even with a sale all 3 companies may continue to use Hulu as a repository for library films, but it makes sense to go it alone where TV shows are concerned. The TV Everywhere realm is so fluid and tricky right now, who needs competitive partners adding more gum to the works? As for potential buyers, content will be key, of course, including which rights can be retained from the previous regime—particularly since the crowded online streaming neighborhood figures to attract squatters galore in the years ahead. Hulu generated approx \$240mln in '10 rev, 30% of which came from sub fees, said **Miller Tabak's David Joyce**, who foresees **Yahoo**, **Ebay**, **Apple** and **Microsoft** as possible suitors. Hulu's rev is expected to more than double this year on advertising alone, yet **Netflix**, still luxuriating in the largest house on the block, tallied \$709mln in 1Q alone. That gives Reed's play a decided advantage concerning content acquisitions. But Hulu does enjoy strong brand recognition, a key asset in the space, and some of its operational metrics remain impressive. According to **comScore**, Hulu notched 196mln viewing sessions in May and a whopping 218min of use/viewer. The latter metric crushes every other top 10 online video property save for **Google**, and that's with a gushing ad load. Hulu, in fact, delivered nearly 48 ads/viewer during the month. Along with proven ad prowess, Hulu has a subscription service that **Viacom** boss *Philippe Dauman* likes. That multi-pronged attack is worth paying for. *CH*

**Highlights:** "True Blood," season IV premiere, Sun, 9p, **HBO**. While maturing "True" is less true to *Charlaine Harris'* novels, the fast-paced early eps of season IV sizzle with plot twists, lust and plasma. *SA*

**Worth a Look:** "Royal Pains," season III premiere, Wed, 10p, **USA**. With warm weather returns this summer-based hoot, which tells of young Dr Hank Lawson (*Marc Feuerstein*), his quick-talking brother Evan (*Paulo Costanzo*) and their boutique medical practice in NY's tony Hamptons. The boys and gorgeous physician assistant Divya (*Reshma Shetty*) drift in and out of love, of course. But "Pains" excels when Hank and Divya use their wits to diagnose and treat patients. -- "Wilfred," Trs, 10p, **FX**. If your subs crave a series about a suicidal guy (*Elijah Wood*) whose pretty neighbor owns a trash-talking/dope-smoking/skirt-chasing, omniscient Aussie dog-man (Jason Gann), then this dark comedy—developed by Gann for Australian TV—will satisfy. Others will yearn for reticent dogs. -- "Rhett & Link: Commercial Kings," premiere, Fri, 10p, **IFC**. This duo has become an Internet hit by helping unusual small businesses make provocative ads. In this docu-comedy, IFC lets viewers witness the process behind those commercials. Interesting, off-beat pet-based businesses dominate the pilot. Unfortunately, watching the process of commercial making is far less exciting than seeing the finished ads, which are terrific. *SA*

Basic Cable Rankings (6/13/11-6/19/11) Mon-Sun Prime			
1	USA	2.1	2147
2	DSNY	1.9	1859
3	TNT	1.7	1739
3	HIST	1.7	1733
5	FOXN	1.4	1391
6	FX	1.1	1097
7	A&E	1	1048
7	FAM	1	1023
7	TBSC	1	1019
7	NAN	1	957
11	HLN	0.9	939
11	ADSM	0.9	936
11	HGTV	0.9	931
11	TLC	0.9	902
11	FOOD	0.9	873
11	LIFE	0.9	871
11	DISC	0.9	860
11	ESPN	0.9	850
19	TRU	0.8	784
19	AMC	0.8	759
19	TVLD	0.8	755
19	SYFY	0.8	752
19	NKJR	0.8	597
24	BRAV	0.7	697
24	CMDY	0.7	692
24	CNN	0.7	667
24	BET	0.7	619
28	SPK	0.6	609
28	MSNB	0.6	608
28	MTV	0.6	551
28	EN	0.6	544
28	HALL	0.6	507
28	LMN	0.6	502
28	ID	0.6	463
35	VH1	0.5	509
35	APL	0.5	465
37	TRAV	0.4	365
37	DXD	0.4	338
37	WE	0.4	314
37	NGC	0.4	266
37	SOAP	0.4	263
37	NKTN	0.4	219
43	ESP2	0.3	331
43	CMT	0.3	271
43	OXYG	0.3	252
43	OWN	0.3	235

\*Nielsen data supplied by ABC/Disney

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