

# CableFAX Daily™

Tuesday — July 9, 2013

What the Industry Reads First

Volume 24 / No. 131

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## Sizzling Summer: OTT, M&A Talks Flying High

As the July 4th fireworks vanished, cable deal talks are flying high. On the OTT front, Fri marked the deadline for submitting bids for **Hulu**, and the streaming service has reportedly shortened the list of potential suitors to **DirecTV**, **The Chernin Group** and **Guggenheim Digital Media**, with some reports pegging **DirecTV** as the frontrunner. DirecTV was also among the reported major distributors, including **Time Warner Cable** and **Charter**, that are seeking OTT rights deals with programmers. While a DirecTV rep declined to comment on specific programming deals, he said “one of the objectives... is not to restrict access but to ensure we get equal or better treatment,” such as MFNs, with existing and new competitors. He declined to comment on the potential Hulu bid. Several analysts suggested earlier that DirecTV has the most to gain of potential bidders. Hulu is currently jointly owned by **News Corp**, **Disney** and **Comcast**. Although Comcast is the largest shareholder (32%), it has no control over the operation of Hulu as required by the **FCC**. **Intel**'s plan to launch cord cutter-targeted streaming service this year has perhaps added some urgency to Hulu talks, and despite reports of difficulties inking content deals a company rep said “we continue to make progress.” Intel's vision hinges on “a modern unified user interface that's incredibly easy to use and can deliver live linear television and on-demand content” via the Internet “in a very personalized fashion,” the rep said. He said Intel views the service as a growth driver “given the role content consumption now plays in shaping computing overall.” Meanwhile, amid rumors of a potential merger between Charter and Time Warner Cable, Charter filed with the **SEC** last week to amend its credit agreement to allow for greater flexibility for acquisitions. The amendment “modified the restricted payments covenant to permit expanded flexibility for acquisitions,” and “modified the events of default under the Credit Agreement to permit change of control offers,” according to the filing. The amendment, affecting some \$4.8bn in loans, was also a result of Charter's recent completion of its Optimum West purchase. Though a TWC hookup could give Charter more regional scale and more leverage with programmers, some analysts question whether the *John Malone*-backed Charter is financially capable to seal such a deal. Take **DISH**. As expected, the FCC OKed Japanese carrier **SoftBank**'s acquisition of **Sprint** and Sprint's purchase of **Clearwire**. Sprint's shareholders approved the SoftBank transaction last month while Clearwire shareholders approved the Sprint deal Mon. Both SoftBank and Sprint had to battle with DISH in their respective transactions. As DISH continues to search for a wireless partner, several analysts speculate that prepaid carrier **Leap Wireless** and **T-Mobile** are potential targets. A DISH rep declined to comment. Though nothing is set in stone yet, it could be an interesting summer for cable. Stay tuned.

**Restructuring:** Mon was a busy people announcement day at **Turner** and **21st Century Fox** properties. *Rob Sorcher* and *Mike Lazzo* were named evp/chief content officer for **Cartoon Network** and evp/creative director for **Adult Swim**, respectively. Sorcher will continue to report to *Stuart Snyder*, pres/coo of Turner's animation, young



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adults & kids media division. Both execs will take on the added responsibilities of overseeing the digital and gaming businesses for each of the properties. -- Separately, **Turner** upped *Jennifer Dorian* to chief strategy officer, **Turner Entertainment Networks**. Dorian, most recently svp of strategic development, will lead Turner's multi-screen initiatives. -- Meanwhile, **21st Century Fox** has realigned its TV syndication and distribution unit **20th Television**, formerly part of **Fox Television Stations**, under **20th Century Fox Television**, the TV production studio. *Greg Meidel* will continue to lead the unit. He will now report to *Gary Newman* and *Dana Walden*, chairs of **20th Century Fox Television**. Under the arrangement, 20th Television will manage distribution for **20th Century Fox Film's** motion picture library, as well as shows produced by **FX Productions** and **Fox Television Stations**.

**Going Digital:** Starting Oct 10, **Time Warner Cable's** designated channels will be offered in digital format only, the MSO indicated on its Website. The move won't affect any TVs connected to a digital set-top device. Subs wanting to view the channels on additional direct-connect analog TVs can request a free digital adapter through the end of '14. After that time, each adapter will cost 99 cents a month.

**Social Media:** **BBC America** launched in-tweet videos of its hit series "Top Gear," timed to the season premiere Mon night. For the 1st ep, the videos will include the "Stig Cam," "a new perspective" from the show's "mysterious test driver." In addition, an "Action Replay" will highlight a top moment of the show.

**Verizon:** **Verizon** launched Verizon Live Events to offer distributors event feeds from satellite, terrestrial fiber or the Internet. The service is designed to help distributors offer live programming on TV and online.

**From the Street:** As **Comcast** prepares to report 2Q earnings on July 31, **Macquarie** analysts expect YOY improvements in video, HSI, and phone, driven by lower churn and investments as well as ARPU. The estimates: total net adds of 145K comprised of video losses of 123K, HSI net adds of 222K, and voice net adds of 45K.

**In the States:** **AT&T** wants to fill 500 positions in Louisiana, including more than 450 positions in its U-verse and wireless divisions. While the majority of openings are network jobs, the telco also is hiring for mobility retail and call center positions. Most of the openings stem from the company's Project Velocity IP (Project VIP), a 3-year multi-billion dollar investment plan to expand its wired IP broadband and mobile networks.

**Education:** **Hallmark Channel** and **Walden Media** are partnering with **Cable in the Classroom** (CIC) to help educators teach their students about the Civil Rights Movement with a customized curriculum created around the new Hallmark original movie, "The Watsons Go To Birmingham" (premieres Sept 20). The film features an African American family on a road trip to the "racially charged tinderbox" that was Birmingham, AL, in '63. Developed by Walden, "The Watsons Go To Birmingham" teacher guide offers lesson plan, streaming video resources and archival photographs.

**Programming:** **WE tv** booked new unscripted series "SWV – Sisters with Voices," featuring the Grammy nominated R&B trio's "make-it-or-break-it" comeback. The 6, 1-hour eps are scheduled to debut early next year. -- **truTV** ordered a 15-ep, 3rd season of "Impractical Jokers" and 6 eps of "Jokers After Party," a new post-show series. Season 2 of "Impractical Jokers" premieres on Aug 1. Season 3 starts this winter.

**Cloud:** **Cisco** said it will team with **Microsoft** to accelerate the deployment of private and hybrid cloud infrastructure.

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**Social Media Measurement:**  
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# BUSINESS & FINANCE

As part of the agreement, they will invest in initiatives to “align sales teams and channel partners, while helping customers modernize their data centers with private cloud solutions.”

**People:** Fusion, the new net targeting Hispanics from ABC and Univision, named *Anhelo Reyes* vp, marketing.

**Editor's Note:** Lots of exciting things to share with you. First of all, we've heard your pleas and will temporarily re-activate the online nomination form for **Most Influential Minorities** and **Most Powerful Women**, giving you one last chance to nominate your most deserving and powerful execs before we announce the final picks in a few short weeks. If you've already submitted, you don't need to resubmit. But if not, now's your chance! The absolute final deadline is July 12. Enter here: <http://www.cablefax.com/cablefaxmag/2013nominations.html>. -- And don't forget our upcoming July 23 **Webinar on social media measurement**. You don't want to miss it. More info: [http://www.cablefax.com/cfp/webinars/2013\\_July23/](http://www.cablefax.com/cfp/webinars/2013_July23/) -- Have you heard about **CableFAX's TV Innovation Summit** on Sept 24 in NYC? Now is the time to get in on this one. We're also finalizing speakers, so let us know if you'd like to be considered (email Exec Editor *Michael Grebb* at [mgrebb@accessintel.com](mailto:mgrebb@accessintel.com)). Check out our preliminary agenda at <http://www.cablefax.com/cfp/awards/tvinnovation-summit2013temp/>

## CableFAX Daily Stockwatch

| Company                      | 07/08 Close | 1-Day Ch | Company               | 07/08 Close | 1-Day Ch |  |  |  |
|------------------------------|-------------|----------|-----------------------|-------------|----------|--|--|--|
| <b>BROADCASTERS/DBS/MMDS</b> |             |          |                       |             |          |  |  |  |
| DIRECTV:                     | 63.46       | (0.18)   | GOOGLE:               | 905.09      | 11.60    |  |  |  |
| DISH:                        | 42.81       | (0.17)   | HARMONIC:             | 6.63        | 0.08     |  |  |  |
| DISNEY:                      | 64.71       | 0.89     | INTEL:                | 23.18       | (0.88)   |  |  |  |
| GE:                          | 23.32       | 0.08     | JDSU:                 | 14.89       | (0.01)   |  |  |  |
| NEWS CORP:                   | 30.37       | (0.01)   | LEVEL 3:              | 21.08       | (0.2)    |  |  |  |
| <b>MSOS</b>                  |             |          |                       |             |          |  |  |  |
| CABLEVISION:                 | 19.05       | (0.17)   | MICROSOFT:            | 34.33       | 0.12     |  |  |  |
| CHARTER:                     | 127.84      | 0.46     | RENTRAK:              | 20.52       | (0.02)   |  |  |  |
| COMCAST:                     | 42.41       | 0.71     | SEACHANGE:            | 11.83       | 0.04     |  |  |  |
| COMCAST SPCL:                | 40.59       | 0.69     | SONY:                 | 21.61       | (0.15)   |  |  |  |
| GCI:                         | 9.14        | (0.11)   | SPRINT NEXTEL:        | 7.07        | (0.09)   |  |  |  |
| LIBERTY GLOBAL:              | 77.36       | 0.39     | TIVO:                 | 11.31       | 0.02     |  |  |  |
| LIBERTY INT:                 | 23.53       | 0.03     | UNIVERSAL ELEC:       | 30.40       | 0.13     |  |  |  |
| SHAW COMM:                   | 23.94       | 0.22     | VONAGE:               | 2.91        | (0.02)   |  |  |  |
| TIME WARNER CABLE:           | 111.98      | (0.38)   | YAHOO:                | 25.52       | (0.15)   |  |  |  |
| WASH POST:                   | 494.35      | (3.65)   | <b>TELCOS</b>         |             |          |  |  |  |
| <b>PROGRAMMING</b>           |             |          |                       |             |          |  |  |  |
| AMC NETWORKS:                | 68.60       | 1.76     | AT&T:                 | 35.58       | 0.20     |  |  |  |
| CBS:                         | 50.86       | 0.80     | VERIZON:              | 51.17       | 0.39     |  |  |  |
| CROWN:                       | 2.45        | (0.01)   | <b>MARKET INDICES</b> |             |          |  |  |  |
| DISCOVERY:                   | 82.02       | 0.90     | DOW:                  | 15224.69    | 88.85    |  |  |  |
| GRUPO TELEVISIA:             | 23.98       | (0.5)    | NASDAQ:               | 3484.83     | 5.45     |  |  |  |
| HSN:                         | 56.53       | 0.77     | S&P 500:              | 1640.46     | 8.57     |  |  |  |
| INTERACTIVE CORP:            | 48.40       | 0.81     |                       |             |          |  |  |  |
| LIONSGATE:                   | 30.94       | 0.02     |                       |             |          |  |  |  |
| SCRIPPS INT:                 | 70.52       | 0.67     |                       |             |          |  |  |  |
| STARZ:                       | 22.51       | 0.52     |                       |             |          |  |  |  |
| TIME WARNER:                 | 60.93       | (0.48)   |                       |             |          |  |  |  |
| VALUEVISION:                 | 5.31        | 0.24     |                       |             |          |  |  |  |
| VIACOM:                      | 70.31       | 0.56     |                       |             |          |  |  |  |
| WWE:                         | 10.67       | 0.06     |                       |             |          |  |  |  |
| <b>TECHNOLOGY</b>            |             |          |                       |             |          |  |  |  |
| ADVANTAGE:                   | 2.26        | 0.01     |                       |             |          |  |  |  |
| ALCATEL LUCENT:              | 1.81        | (0.02)   |                       |             |          |  |  |  |
| AMDOCS:                      | 37.74       | 0.24     |                       |             |          |  |  |  |
| AMPHENOL:                    | 80.48       | 0.23     |                       |             |          |  |  |  |
| AOL:                         | 37.00       | 0.55     |                       |             |          |  |  |  |
| APPLE:                       | 415.05      | (2.37)   |                       |             |          |  |  |  |
| ARRIS GROUP:                 | 14.78       | 0.07     |                       |             |          |  |  |  |
| AVID TECH:                   | 5.95        | (0.13)   |                       |             |          |  |  |  |
| BROADCOM:                    | 33.37       | (0.4)    |                       |             |          |  |  |  |
| CISCO:                       | 24.62       | 0.06     |                       |             |          |  |  |  |
| CLEARWIRE:                   | 5.00        | UNCH     |                       |             |          |  |  |  |
| CONCURRENT:                  | 7.83        | 0.34     |                       |             |          |  |  |  |
| CONVERGYS:                   | 18.48       | 0.10     |                       |             |          |  |  |  |
| CSG SYSTEMS:                 | 23.67       | 0.19     |                       |             |          |  |  |  |
| ECHOSTAR:                    | 39.75       | 0.44     |                       |             |          |  |  |  |

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## CableFAX TECH

### Forty Million Reasons To Shout 'Shazam!'

**Shazam**, which began as a quirky little app that could ID any song audibly playing within earshot of its host smartphone, has grown up. Specifically, this software company has been expanding into the TV space, and Mon's announcement of a \$40mln investment by Mexico-based **American Movil** gives the company an infusion of cash that could significantly bolster those TV ambitions. "Shazam's expansion into television has moved the company into an entirely new phase of growth with interactive advertising generating new sources of revenue and partnerships with broadcasters encouraging a broader group of people to use Shazam more frequently," crowed Shazam CEO *Rich Riley*. "We look forward to working with American Movil to launch these services in the region as we seek to increase our ubiquity throughout the world." Shazam has grown significantly in recent years, with a global user base that has more than doubled to 350mln people. It now adds 2mln new users each week, and digital sales top \$300 million per year through affiliate partners like **iTunes**. Shazam for TV lets users tag specific TV shows and then get more info (songs available for purchase, extras, etc), integrating more than 250 TV ad campaigns across 28 countries. Said Shazam exec chmn *Andrew Fisher*: "This investment will help support our continued expansion as we seek to become an increasingly important part of people's everyday lives." To be sure, American Movil not only gives Shazam more money that it can use to develop and improve its underlying technology, but it's also a powerful friend to have as the leading mobile operator in Latin America, with more than 263 million wireless subs in 18 countries. Because consumers in those markets depend so heavily on mobile phones (it's often their only phone and data device), American Movil's support could add considerable weight to Shazam's tech development.

**Rumor Mill:** Still no official word on **Apple** and **Time Warner Cable's** reported gabbing about a deal to allow

the MSO's subscribers to access content via Apple TV. Both sides are mum, and no deal is expected for months anyway. TWC has been relatively streaming-friendly: It reached deals with **Roku** and **Microsoft** to make programming available through the streaming device and the Xbox gaming console. Time Warner Cable has only said that it doesn't have an agreement with Apple at this time. We'll keep you posted...

**Samsoxee:** With **Samsung's** acquisition of video streaming service **Boxee**, the idea was to "help us continue to improve the overall user experience across our connected devices," said a rep. But that apparently won't include Boxee's cloud-based DVR service, which will shutter on July 10. Samsung will instead integrate Boxee's tech into its own devices. The CE maker reportedly paid \$30 million for the startup, although that figure hasn't been confirmed. Boxee had cultivated its own following, but it had struggled amid stiff competition and a difficult rights environment for media content.

**LTE: Sandvine** said it bagged \$7mln in LTE-related expansion orders in June from 3 undisclosed "tier 1 operators," including \$4.5mln from a North American op that Sandvine won over in Nov '12 and \$2.5mln in follow-on orders from 2 European mobile properties owned by a larger operator group. LTE technology's ability to reach multi-megabit speeds over cellular networks makes it a potential competitor to wired broadband networks and even linear video. Sandvine's upgrades will address new business intelligence on network traffic, including video quality ratings, as well as management of IPv6 traffic and overall network congestion.

**Research:** Attention, cable ops: Superfast broadband speeds just might trump price when it comes to reducing churn, according to a new consumer survey by **Analysys Mason**. Although 6610 surveyed broadband customers in the U.S. and Europe said they wanted "a cheaper service," 14% of respondents looking to leave a broadband provider in the next 6 months said it was because their current service wasn't fast enough, not that it was too expensive.

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