

CableFAX Daily™

Tuesday — July 30, 2013

What the Industry Reads First

Volume 24 / No. 146

Willner's Warning: Former Insight Chief Urges Caution on Regulatory Reform

Leave it to newly self-described “software guy” *Michael Willner* to stir up passions at **NCTC** and **ACA**'s Indy Show in San Diego, advising small ops to tread carefully in their push for regulatory reform. “Washington can be a very dangerous place when you ask them to do things for you,” said Willner, who ran **Insight Comm** before **Time Warner Cable** purchased it. He is now CEO of software vendor **Penthera Partners**. “It's usually not with a scalpel, it's with a cannon.” **ACA** has been lobbying aggressively for retrans reform, arguing that out-of-control programming costs are creating enormous strains on indies and also hurting consumers who ultimately pay the bills. But while Willner called “naïve” the notion that the industry can control the outcome by asking for specific regulatory relief, he acknowledged that something must be done about spiraling content costs, lest consumers demand action. “That's when things start to get shaken up,” he said, and then “everybody's going to lose.” **ACA** pres/CEO *Matt Polka* told us after the panel that his members have no choice because the model is broken. “It's not necessarily that they want to go to D.C.,” he said. “They have to go to protect their interests.” As for unintended consequences, *Polka* said that's always a possibility, but “sometimes you have to take a risk.” In **ACA**'s morning panel, lawyer *Barbara Esbin* of **Cinnamon Mueller** said the trick is “go in with a targeted, credible ask that's supported by data and analysis” as one way to “minimize unintended consequences.” *Tom Cohen* of **Kelly, Drye & Warren** said **ACA**'s stellar reputation on Capitol Hill also helps immensely. “**ACA** is known for certain things,” he said. “It's known for highly credible advocacy. It's known for understanding how to play—when to push and when not to push.” He said the key is to stay in the game: “You need to keep doing it, because if you're not then everybody else is... You just have to keep at it.” *Esbin* noted the challenges of getting the **FCC** to act on retrans. “They see deals getting done, and they don't see the pain and suffering behind them,” she said, noting that the **FCC** declined to build retrans reform into the recently circulated media ownership proceeding—while the existing retrans proceeding has “stalled” during the **FCC**'s transition to a new chmn. One ray of hope, however, is that patience is wearing thin in Congress, said *Jared Weaver* of the **Alpine Group**. “The blackouts have not helped the broadcasters,” he said. “Frankly, I think the broadcasters are losing some credibility.” Still, lawmakers have friends on both sides of the issue, and it's difficult to sponsor a bill “that eviscerates one of your friends,” he said. A blackout stemming from the current wrangling between **CBS** and **Time Warner Cable**, for example, could be yet another reminder to policymakers. “I wouldn't say there's a sea change, but there's certainly momentum,” *Weaver* said.

CBS-TWC: At our deadline, the 2 were still talking. That's a good sign, with the 5pm ET deadline for a new deal moved to 8pm ET. It's the 2nd time in a week that **CBS** and **Time Warner Cable** have agreed to keep the signals up as they negotiate, with the original expiration at 9am last Thurs. The new deadline is just 2 hours before the premiere of **CBS**' popular series “Under the Dome.” The broadcaster used TCA Mon to announce it had renewed the series for a 2nd season. More from **CBS** chief *Les Moonves* on TWC and the changing TV model, as well as other TCA highlights, at CableFAX.com.



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CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● 301.354.2101 ● Editor-in-Chief: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Exec Editor: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Editor: Joyce Wang, 301.354.1828, jwang@accessintel.com ● Community Editor: Kaylee Hultgren, 212.621.4200, khultgren@accessintel.com ● Advisor: Seth Arenstein ● Assoc Publisher: Amy Abbey, 301.354.1629, aabbey@accessintel.com ● Sales Mgr, Susan Kim, 301.354.2010, skim@accessintel.com ● Marketing Dir: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Prod: Joann Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group ● Group Subs: Amy Russell, 301.354.1599, arussell@accessintel.com ● Subscription Questions, contact Client Services: 301.354.2101, clientservices@accessintel.com
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M&A: Sinclair continues to expand: Following its pending purchase of approx a dozen stations from **Barrington Broadcasting, Fisher Communications and Titan Television**, it proposed a \$985mln acquisition of 9 **Allbritton** stations, including 7 **ABC** affils, covering 4.9% of the US TV HHs, as well as 24-hour cable/satellite news net **NewsChannel 8** serving more than 2mln HHs in the DC area. Pending **FCC** and antitrust approvals, Sinclair expects the deal, to be funded through a bank loan and/or by accessing the capital markets, in 4Q. "Once again, the broken retransmission consent rules are contributing to massive ownership consolidation going on in the local TV station business," **ACA** head **Matt Polka** told us. Sinclair is "especially excited" about its NewsChannel 8 purchase, according to CEO **David Smith**. The channel's regional cable presence "provides the perfect platform should we decide to expand it into other markets, especially given the amount of local news we produce across our entire portfolio," he said in a statement. **Wells Fargo** analysts were on the same page: "we believe the cable news channel brings significant value," they said, noting the purchase price represents an 8.7X multiple of the average '11-'12 cash flow. The above-average multiple has to do with NewsChannel 8, they said. Sinclair might plan to roll out the cable news net across all of its markets, according to the analysts. Deal opponents include **Free Press**, which claimed the transaction would put Sinclair in control of 149 stations in 76 markets nationwide, reaching more than 38% of the audience. The **FCC** needs to review the deal carefully and to stop allowing "covert consolidation through shared services agreements that allow Sinclair to run two or even three stations in a single market," the group's CEO **Craig Aaron** said in a statement. In particular, the Commission should require stations Sinclair has indicated it will put up for sale as part of the deal to be sold to independent competitors, "not Sinclair front groups," he said. To comply with the FCC local TV ownership rules, Sinclair expects to sell stations in AL, PA and SC.

On the Hill: Sen Commerce will hold an exec session Tues to markup several bills and noms, including **FCC** chmn nominee **Tom Wheeler**. Also on the agenda before the Aug recess is a markup of chmn **Jay Rockefeller's** (D-WV) Violent Content Research Act (**NCTA** and **NAB** both support it) and the Cybersecurity Act.

Carriage: TheBlaze picked up 13 new affils recently, including **SECTV, Cas Cable, Marco Island Cable** and **Darien Comm**. That brings the **Glenn Beck** net to 25 MVPDs, including DISH and Cablevision. -- **INSP** launched on nearly 20 **NCTC** systems across the country, scoring around 100K new subs in PA, CO, IA, AZ, MI, MO, NC and SC. The new affiliates include **Blue Ridge Cable Technologies, Harron Comm, K2** and **Zito Media**.

Indy Show Notebook: Viamedia used the show to unveil a turn-key solution for small- to medium sized MVPDs to provide local ad sales for systems delivering as few as 1500 TV HHs. -- **Comcast Wholesale's HITS** division plans to expand the HITS Q2 MPEG-2 satellite-based content distribution platform, allowing it to add 10 new HD channels in 3Q and 3 new SD channels to its HITS Quantum SD/HD lineup. That brings the total number of HD channels to 34, a 42% increase. The new nets: **Bio HD, Bravo HD, CNBC HD+, DIY HD, E! HD, Hub HD, ID HD, MSNBC HD, Nat Geo Wild HD, OWN HD, Fuel, Nick2** and **MSG National**. -- If you missed something at the Indy Show, tune in to **Viodi's** closed circuit channel 59 at the Hilton. Upcoming coverage includes segments on giving customers a "green option," a piece on a next-gen user-interface and an exclusive discussion regarding a new revenue opportunity for even the smallest of ops.

Programming: NBC Sports will offer live coverage of all 130 Premier League matches, beginning Aug 17 at 7am on **NBC Sports Net** with Liverpool-Stoke. A total of 69 Premier League matches—at least 5 games each week in the season's first 3 months will be presented on NBC Sports Net, **NBC** and **CNBC**. The 61 remaining Premier League matches

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will be made available on "Premier League Extra Time," a bonus TV package available to MVPDs at no extra cost for customers who receive NBC Sports Network. So far, **AT&T U-verse, Cablevision, Comcast, DirecTV, DISH** and **Suddenlink** have signed on for the package. Games also will be streamed via TV Everywhere, with U-verse, Cablevision, Comcast, **Cox**, DirecTV, DISH, Suddenlink and **Verizon FiOS** all on board for the TVE offering (Note: no agreement with **Time Warner Cable** at this time). More than 100 **NCTC** members have signed on for the Extra Time package or TVE option, including **Blue Ridge** and **Buckeye**.

People: Bloomberg announced that *Justin Smith* will serve as CEO, **Bloomberg Media Group**, which includes **Bloomberg TV**, radio, magazine, conferences and digital businesses. He most recently served as pres, **Atlantic Media**. Current CEO *Andrew Lack* will become chmn of Bloomberg Media Group. -- *Lara Migliassi* was upped to svp, corporate marketing at **Univision**.

Business/Finance: Time Warner Cable's compensation package for CEO-to-be *Rob Marcus* includes a \$1.5mln base salary, an annual cash bonus with a target of \$5mln and long-term incentive comp, with a minimum target grant of \$7.5mln. His new contract runs through Dec 31, '16.

CableFAX Daily Stockwatch

Company	07/29 Close	1-Day Ch	Company	07/29 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	63.11	(0.63)	GOOGLE:	882.27	(3.08)
DISH:	43.62	(0.78)	HARMONIC:	7.52	(0.12)
DISNEY:	64.61	(0.37)	INTEL:	23.24	(0.02)
GE:	24.49	(0.16)	JDSU:	14.49	(0.02)
NEWS CORP:	29.91	(0.52)	LEVEL 3:	21.81	0.16
MSOS					
CABLEVISION:	18.67	(0.16)	MICROSOFT:	31.54	(0.08)
CHARTER:	125.69	(0.92)	RENTRAK:	21.38	(0.33)
COMCAST:	43.40	(0.33)	SEACHANGE:	11.87	(0.35)
COMCAST SPCL:	41.48	(0.43)	SONY:	21.24	(0.34)
GCI:	8.94	0.16	SPRINT NEXTEL:	5.74	UNCH
LIBERTY GLOBAL:	80.32	(0.02)	TIVO:	11.24	(0.17)
LIBERTY INT:	24.48	(0.1)	UNIVERSAL ELEC:	30.04	(1.38)
SHAW COMM:	25.18	0.02	VONAGE:	3.40	0.01
TIME WARNER CABLE:	115.23	(1.62)	YAHOO:	27.93	(0.18)
WASH POST:	536.53	(0.98)	TELCOS		
PROGRAMMING					
AMC NETWORKS:	67.93	0.04	AT&T:	35.88	0.28
CBS:	52.39	(1.11)	VERIZON:	51.49	0.47
CROWN:	2.76	(0.02)	MARKET INDICES		
DISCOVERY:	84.41	(0.65)	DOW:	15521.97	(36.86)
GRUPO TELEVISA:	26.27	(0.07)	NASDAQ:	3599.14	(14.03)
HSN:	60.44	0.25	S&P 500:	1685.33	(6.32)
INTERACTIVE CORP:	51.78	(0.12)			
LIONSGATE:	32.25	(0.48)			
SCRIPPS INT:	71.33	(0.19)			
STARZ:	22.79	(0.34)			
TIME WARNER:	62.50	(0.52)			
VALUEVISION:	5.58	(0.6)			
VIACOM:	72.69	(0.73)			
WWE:	10.77	(0.07)			
TECHNOLOGY					
ADVANTAGE:	2.56	0.02			
ALCATEL LUCENT:	2.20	0.08			
AMDOCS:	38.53	(0.14)			
AMPHENOL:	77.37	(0.14)			
AOL:	36.60	(1.61)			
APPLE:	447.79	6.80			
ARRIS GROUP:	14.94	(0.25)			
AVID TECH:	6.23	0.02			
BLNDER TONGUE:	0.97	(0.04)			
BROADCOM:	27.40	0.10			
CISCO:	25.33	(0.17)			
CONCURRENT:	8.25	0.52			
CONVERGYS:	18.70	(0.07)			
CSG SYSTEMS:	23.56	(0.24)			
ECHOSTAR:	39.66	(0.1)			

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Chromecast: Another Cable Killer?


At some point, applications and devices like **Netflix**, **Roku**, **Xbox One**, **Boxee** and the upcoming **Intel Media** were given the name “cable killer.” Now will **Google’s** newly launched Chromecast, which turns the biggest screen at home into a smart TV, be added to the list? Specifically, the device that looks like an oversized thumbdrive, can be connected to HDMI inputs and enable viewers to move content via WiFi from secondary devices to TV. It works with **Netflix**, **YouTube** and **GooglePlay** platforms and will support other platforms like **Pandora** in the future. Perhaps the most interesting feature is its ability to turn your PC or mobile devices into a remote control, allowing streaming to TV, content browsing, playback, and volume adjustment using the device. Once content is streaming wirelessly, users can multitask with other apps. Available for \$35, Google originally offered 3 months of free Netflix to Chromecast customers but later pulled the promo, citing overwhelming demand. The company also launched a developer program to encourage more innovation around the platform. For now, the device is designed for online content and only comes in the form of an HDMI stick. Going forward, Google expects the technology to be embedded in a range of devices from its partners, company execs reportedly said during a Chromecast demo. The device is Google’s latest attempt to enter the living room entertainment market, following its \$2.35bln sale of **Motorola’s** set-top unit to **Arris**. Google is also working on Google TV, a smart TV platform co-developed by companies like **Intel**, **Sony** and **Logitech**. Launched in '10, the Android-based platform allows consumers to view content through the Chrome browser, using their smartphones and tablets as remote controls. Initial Google TV devices were made by Sony and Logitech, with more manufacturers announcing their support for the platform this year. Last year, Google introduced and quickly dropped the Nexus Q, a \$300 streaming device that could be connected to an HDTV to play video content from Google Play or YouTube. Meanwhile, some cable MSOs have somewhat

embraced OTT devices: **Time Warner Cable** launched its own channel on Roku. How about some cable apps for Google?

Partnerships: **Level 3** expanded its relationship with **MLB Advanced Media**, the media and Internet firm of MLB, to include data center services for the company’s digital media products, including MLB.TV live streaming. The services will support the archival, backhaul and Internet video streaming capabilities of MLBAM’s media properties.

WiFi: **Charter** is looking to boost in-home broadband connections with its new WiFi router. Available to existing and new subs, the gear, featuring dual band capability, allows customers to use the less congested 5GHz frequency band while simultaneously operating a network on the 2.4GHz band to ensure older devices that aren’t 5GHz capable can still connect. Charter said it’s the only Internet service provider among its competitors that offers a dual band concurrent WiFi solution. Meanwhile, the router, which uses high-powered radios, seeks to provide better range. During both testing in Charter’s labs and independent testing in a 3rd-party test facility, the device can deliver up to 30 Mbps about 120 feet from the router, the company said. That means customers can have multiple high bandwidth applications running simultaneously, it said.

TV Sales: While more viewing is taking place on tablets and computers, TV sales are still important, according to **CEA**. The group’s semi-annual US Consumer Electronics Sales and Forecasts projects that TV sales are expected to hit \$19.3bln this year, down just 3% from last year’s \$19.9bln. LCD flat panels will account for 91% of all digital sets sold. While Ultra HD is far from the norm, 3D, Ultra HD and OLED displays are expected to reach 13.7mln shipments this year. Tablets and smartphones, which are increasingly being used in conjunction with TV viewing, will drive CE growth, representing 32.3% of CE industry revenue for the year.



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