

CableFAX Daily™

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What the Industry Reads First

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Sea Change Continues: Epix, Netflix Add Intrigue to Content Digitization

The steady migration of movie and TV content to the Web and other digital platforms despite lingering monetization issues was accelerated Tues when **Epix** officially announced a big streaming deal with **Netflix**. Reportedly worth close to \$1bn for the premium net over 5 years, the deal gives putative cable competitor Netflix access to new releases and library titles from **Lionsgate**, **Paramount** and **MGM** for Web streaming 90 days after their premium pay TV and SVOD debuts. During a Tues conference call, Lionsgate co-chmn/CEO *Jon Feltheimer* was clear in his continued support and cognizance of Epix's MSO partners including **Charter**, **Cox** and **Mediacom**, even if he provided a somewhat conflicting view of cable VOD. The 90-day window "was very important to us in terms of protecting our traditional MSO partners, and so we really see this as a win-win for everybody," said Feltheimer. "The traditional MSOs have the product earlier... and will be selling it as an Epix product, a very specifically branded offering." Netflix will not use the Epix name in featuring related content, and Feltheimer added that the net's partners "worked closely" with both existing and potential MSO partners in creating the new window. Clearly pleased by the deal, which instantly affords Epix profitability, net pres *Mark Greenberg* acknowledged that current and potential distribution partners will understandably seek to ascertain the deal's ramifications on their business models. But he was adamant that all media companies require both a digital and device strategy, and reiterated his bullishness on Epix's positioning in the digital space. "We have no legacy issue and a wonderful grant of rights from our distributors," said Greenberg. "There's interest and demand [for digital content], and we're trying ways to monetize it." Lionsgate is intent on riding the digital wave as well. Citing the Netflix deal along with SVOD and transactional VOD, Feltheimer noted how the "much more variable pricing in these new windows will give us some really accretive revenue as opposed to just replacement revenue." Lionsgate's "definitely seeing growth in conventional VOD," he said, adding that the company's delivery on VOD relative to cinema was up 33% in the last Q, which ended as its biggest ever regarding digital and VOD rev. For comparison, Feltheimer said 5% of the home ent rev for "Crash" in '06 stemmed from digital/VOD while the corresponding percentage has swelled to 22% for "Precious" this year. Still, the planned linear expansion of on demand channel **FEARnet (Cfax, 6/22)** is important to the net's future growth, he said, because dynamic ad insertion on the VOD platform is "taking too long."

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FEARnet stakeholders are looking for linear distribution of 10-20mln homes by Jan.

Alaskan Tragedy: Details of an Alaskan plane crash that killed former Sen *Ted Stevens* (R-AK) were still sparse Tues afternoon. The aircraft, a DeHavilland DHC-3T Otter, is owned by Anchorage-based cable op **GCI**. As press time, it was unclear who else was aboard the plane. Reports said that 5, including Stevens, had died and that 4 survived. Also said to be on the plane was former **NASA** chief *Sean O'Keefe*, with *AP* reporting that O'Keefe and his son *Kevin* survived the crash. "We are aware of news reports stating that four of the nine individuals on board the aircraft have survived," **GCI** pres/CEO Ronald Duncan said. "At this point, I cannot confirm or comment on these reports. We are waiting for authoritative reports from the rescue units." As the former Sen Commerce chmn and the longest-serving Republican in the Senate, Stevens, 86, was a familiar face in cable, even penning a guest column in **CableFAX** in '06 about one of his chief concerns—decency in media. Stevens lost his bid for re-election in '08 after he was found guilty of corruption charges (the case was later overturned because of prosecutorial misconduct). Tributes poured in Tues afternoon from fellow lawmakers and others. "Senator Stevens was a towering figure in the U.S. Senate and shepherded some of the most important communications legislation through Congress during his tenure on the Senate Commerce Committee," said **NAB** pres/CEO *Gordon Smith*. "Broadcasters have lost a friend, but America has lost a war hero and a legislative giant. Our thoughts and prayers are with his family and fellow Alaskans."

Parlez-vous français? Some **DISH** subs tuning into their favorite channels Tues were greeted in Mandarin, Russian or some other language. Starting at about 3:30 MT, satellite uplink provider **EchoStar** experienced an equipment failure associated with a primary video router located at its uplink facility in WY. The result was that a portion of **DISH**'s standard def channels defaulted to a variety of intl channels. **DISH** said that **EchoStar** identified the failure and restored service by 7am. Local TV channels and high definition channels were not affected.

Carriage: NFL Net was removed from overbuilder **WOW!**'s lineup Aug 1 after the 2 were unable to agree to renewal terms. **WOW!** had been a partner of the net since '05. "We worked hard to preserve carriage of the network under fair and reasonable terms that would be in the best interest of all our customers. Unfortunately, we were unable to reach such agreement with the NFL Network," **WOW!** pres/CEO *Colleen Abdoulah* said. **NFL Net** said it offered to renew the deal at "a fair rate comparable to other distributors of their size." "We have deals with hundreds of cable operators and distributors," a statement read, noting disappointment that **WOW** "has dropped the only network dedicated entirely to football."

In the States: GenosTV issued a call for beta testers of its forthcoming broadband pay TV network that aims to allow customers to purchase only the channels they want to watch through any Web-connected device, including TVs, smartphones and wireless Blu-ray players.

More from TCA: Sharks, schmacks, says **Nat Geo**, which in Dec will roll out its own week devoted to sharp-toothed predators with "Big Cat Week." The series will promote conservation and species survival. "I'm trying to do some real world good," said **Nat Geo Wild** svp, development and prod *Geoff Daniels*. The 7-night event will start with "Big Cat Odyssey" in which nature filmmakers *Dereck* and *Beverly Joubert* compile footage the husband-wife team has compiled over some 30 years. But when it comes to excitement, **Nat Geo** execs are also talking up "Great Migrations" (fall) a 7-part miniseries on **Nat Geo Channel** devoted to all things migratory with narration by *Alec Baldwin*. The project relies on remote cam-

Most **CableFAX's** Powerful Women 2010 in Cable

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Help us decide by nominating the executives you think should be included in our annual list of the Most Powerful Women in Cable. We will rank the top 50 most powerful women, and run a list of the second 50, in the November 2010 issue of **CableFAX: The Magazine**. Nominations are open to all cable operators, programmers, vendors and trade associations.

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eras, blimps, helicopters and other technology to catch migrations in their raw form, including rare footage of elephants mourning their dead. And of course, there's a little bit of shark diving. "I think it's no more dangerous than running around Los Angeles," said cinematographer *Andy Casagrande*, who spent much time underwater with Great Whites (and no cage). In observance of Hurricane Katrina's 5th anniversary, Nat Geo gives us "Witness Katrina" (Aug 23), which uses video taken during those fateful days by people who lived through the storm. **History** used amateur video (and no narration) to great effect in several specials about 9/11 and the JFK assassination. Nat Geo covers The Gulf with 2 specials Sept 28 "Can the Gulf Survive?" and "After the Spill: The Last Catch," which chronicles how the mishap is changing life for fisherman and shrimpers. Meanwhile, a jewel in Nat Geo's crown is its acquisition of Sundance Film Festival grand jury prize winner "Restrepo," a doc about a U.S. Army unit in Afghanistan from *The Perfect Storm's Sebastian Junger* and filmmaker *Tim Hetherington*. Now playing in select theaters, Restrepo is "like a 90-min deployment," Hetherington told TCA critics. Indeed clips showed an intense and gritty look inside soldiers' lives. "I wanted to show the human cost of war," Junger said. Speaking of cost, Nat Geo program chief *Steve Burns* said there's "a good chance" the network will show the film without commercials. -- The **HBO** brass walked critics through their vision at TCA on Sat, noting that the net has no problem going head to head with broadcast nets by premiering shows in the fall. "We didn't want to hold it," said HBO pres, programming *Michael Lombardo*, referring to the much-anticipated fall premiere of "Boardwalk Empire," a new *Martin Scorsese*-produced original series about prohibition-era Atlantic City. "There are good shows and strong shows all year long now." In addition, HBO is gearing up for the spring '11 premiere of "Game of Thrones" based on novel series *A Song of Ice and Fire*, with Lombardo vowing to "do it right... this audience is an audience that demands it." And HBO co-pres *Richard Plepler* also faced some questions about new high-profile *David Milch* project "Luck" starring *Dustin Hoffman* and *Nick Nolte* and set in the world of horse racing—a Milch passion. Milch enjoys much street cred from "Deadwood," but his last HBO effort "John in Cincinnati" died after one season. "David is writing from his gut," said Plepler of his "Luck" collaboration with *Michael Mann*. "John came more out of his head." And the big question: Will "Curb Your Enthusiasm" be back beyond one more season? "Whatever *Larry David* wants to keep doing, we're happy to keep doing with Larry David," said Plepler. -- One more from **AETN's** session: "Teach: Tony Danza" ('10 premiere, date TBD, **A&E**) in which the actor pulled a year teaching. "The irony of me teaching English, especially Shakespeare was not lost on me," *Tony Danza* admitted. And after a TCA panel, he also conceded at some point during the school year he forgot there were cameras in the Philly HS classroom where he taught. "I made a commitment to the kids, that was what became the most important thing." No idea how well the 10-ep series will be received, but his honesty and passion for teaching was apparent.

Beta: For at least a 4th consecutive year, **Fox Movie Channel** was the top-ranked emerging network in the latest **Beta Research** cable subscriber interest study, with 65% of respondents expressing high interest. **MGM HD** (47%) bumped **Hallmark Movie Channel** to 3rd (45%), followed by **Nat Geo Wild** (44%) and **Crime & Investigation** (43%). Differences of less than 4 percentage points are not statistically significant, Beta said. **Nat Geo** was again the top-ranked digital basic/mid-sized net (61%), followed by **Science Channel** (51%), **Lifetime Movie Net** (49%), **History Intl** (48%) and **Cooking Channel** (44%). The top-ranked HD nets were **Discovery Channel HD** (47%), **Nat Geo HD** (44%), and **USA HD** (42%). **Discovery** (37%) and **Nat Geo** (35%) maintained those same positions among the top-ranked VOD nets, while **TNT**, **History** and **Comedy Central** tied in 3rd with 33%.

Measurement: Counting **Discovery**, **Comcast** and **Time Warner** among its participants, the **Coalition for Innovative Media Measurement** is adopting the "TouchPoints" initiative that started in the UK to provide a single source of media planning data across a range of TV, radio, print, online and mobile. The stateside version will feature a Sept-Feb study using a sample of 1K men and women aged 18-54 that will record individual media behavior at 30min intervals over 10 days.

Earnings: **Disney's** cable nets saw 3Q operating income increase \$561mln to \$1.7bln, due primarily to an increase at **ESPN** regarding previously deferred revenues related to annual programming commitments. **ESPN** recognized a net \$344mln of previously deferred revenue and also saw growth in higher affiliate and advertising revenue, partially offset by higher programming and production costs. Pres/CEO *Bob Iger* praised **ESPN's** World Cup coverage. About 25% of **ESPN's** rev for the event came from non-linear platforms, he said. Overall, **Disney's** net income was \$1.33bln, up from \$954mln a year ago. Revenue rose 16% to \$10bln. -- **RCN** posted 2Q net income vs a year ago loss of \$9mln, due primarily to lower depreciation expense. Total rev increased 1% to \$192mln. EBITDA decreased to \$53mln from \$56mln, thanks to costs related to the pending acquisition of the co. Total RGUs decreased by 25K.

Lionsgate Numbers: **Lionsgate** reported a 14% dip in rev and adjusted EBITDA of -\$13.7mln, citing the deconsolidation of **TV Guide Net** rev and timing of TV deliveries. Net loss tallied \$64.1mln, compared to net income of \$36.3 million in the prior year's first quarter. The co said its TV business remains on track to exceed last year's \$351mln in rev, however,

BUSINESS & FINANCE

and TV included in film rev (primarily pay TV) notched a 46% increase to \$30mln. But TV prod revenue was \$54mln (-38%), and **Miller Tabak's David Joyce** said **Epix** suffered an operating loss of \$42.4mln on rev of just \$300K. Co-chmn/CEO **Jon Feltheimer** said TV Guide Net achieved significant increases in CPMs and gross rev during this year's upfront, although ratings for "Curb Your Enthusiasm" have been a little softer than desired. But the true bellwether for the net's ratings will come in Oct, he said, when **Curb**, "Weeds" and "Ugly Betty" are all airing.

On the Circuit: Register for the **CTAM Summit** by Aug 16, and you're eligible to win 1 of 10 Flip cameras (www.ctamsummit.com). -- Silver Spring and many in cable are rallying around veteran **Discovery** and **Italian-American Channel** exec **Chris Lonergan**, who's in Boston battling valiantly with cancer for the 2nd time. Chris and his family are grateful for cable's support. Updates are at: www.caringbridge.org/visit/chrislonergan

Obit: Former **Showtime** exec **Jay Larkin** passed away Mon after battling cancer. He was 59. The well-respected boxing TV exec put together Showtime Championship Boxing, SHOBX: The New Generation and a PPV boxing business. He was with the net from '84-'06 and became svp, sr exec producer sports & event programming.

People: **Cablevision** upped **James Blackley** to evp, corp engineering and tech.

CableFAX Daily Stockwatch

Company	08/10 Close	1-Day Ch	Company	08/10 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	39.43	0.46	ARRIS GROUP:	9.44	(0.19)
DISH:	18.36	(0.36)	AVID TECH:	12.26	(0.64)
DISNEY:	35.29	0.13	BIGBAND:	2.81	(0.08)
GE:	16.25	(0.13)	BLNDER TONGUE:	2.05	0.00
NEWS CORP:	15.52	(0.25)	BROADCOM:	36.00	(0.84)
MSOS					
CABLEVISION:	27.16	(0.04)	CISCO:	24.31	(0.46)
COMCAST:	18.61	(0.12)	CLEARWIRE:	6.36	(0.01)
COMCAST SPCL:	17.50	(0.06)	COMMSCOPE:	22.27	(0.31)
GCI:	8.94	(0.59)	CONCURRENT:	5.05	0.08
KNOLOGY:	12.78	(0.03)	CONVERGYS:	10.02	(0.09)
LIBERTY CAPITAL:	47.16	(0.85)	CSG SYSTEMS:	19.15	(0.18)
LIBERTY GLOBAL:	29.13	(0.41)	ECHOSTAR:	19.28	(0.37)
LIBERTY INT:	11.66	(0.38)	GOOGLE:	503.71	(1.64)
MEDIACOM:	7.17	(0.02)	HARMONIC:	6.77	(0.16)
RCN:	14.90	(0.05)	INTEL:	19.82	(0.83)
SHAW COMM:	20.30	(0.15)	JDSU:	11.31	(0.17)
TIME WARNER CABLE:	56.63	0.00	LEVEL 3:	1.12	0.01
VIRGIN MEDIA:	21.25	(0.47)	MICROSOFT:	25.07	(0.54)
WASH POST:	380.98	(3.87)	MOTOROLA:	8.04	0.06
PROGRAMMING					
CBS:	15.42	(0.13)	RENTRAK:	25.69	(0.01)
CROWN:	2.32	0.00	SEACHANGE:	8.61	(0.27)
DISCOVERY:	38.57	0.35	SONY:	31.10	(0.6)
GRUPO TELEVISA:	19.62	(0.13)	SPRINT NEXTEL:	4.57	(0.01)
HSN:	27.50	(0.77)	THOMAS & BETTS:	39.60	(0.27)
INTERACTIVE CORP:	25.48	0.37	TIVO:	8.64	(0.26)
LIBERTY:	37.95	(0.6)	TOLLGRADE:	6.74	0.09
LIBERTY STARZ:	56.07	1.30	UNIVERSAL ELEC:	18.24	(0.23)
LIONSGATE:	6.60	0.02	VONAGE:	2.32	(0.04)
LODGENET:	2.93	(0.17)	YAHOO:	14.35	(0.05)
NEW FRONTIER:	1.39	(0.01)	TELCOS		
OUTDOOR:	5.77	(0.02)	AT&T:	27.01	0.15
PLAYBOY:	5.38	(0.02)	QWEST:	5.69	(0.01)
SCRIPPS INT:	44.09	(0.35)	VERIZON:	30.02	0.16
TIME WARNER:	32.01	(0.59)	MARKET INDICES		
VALUEVISION:	1.68	(0.03)	DOW:	10644.25	(54.5)
VIACOM:	38.17	0.29	NASDAQ:	2277.17	(28.52)
WWE:	14.64	(0.39)	TECHNOLOGY		
TECHNOLOGY					
ADC:	12.70	(0.02)			
ADVANTAGE:	3.14	0.22			
ALCATEL LUCENT:	2.97	(0.01)			
AMDOS:	27.90	(0.36)			
AMPHENOL:	44.99	(0.72)			
AOL:	21.88	(0.73)			
APPLE:	259.41	(2.34)			

CableFAX's Customer Experience Management Guidebook Lessons and Insights for the Cable Industry

CableFAX and The Cable Center collaborated to publish this 150-page guidebook on customer experience management for the cable industry. The guidebook includes case studies, tips and articles on understanding the foundations of customer experience management and gaining insight to use it to improve your business. You also will learn about the latest measurement strategies, research insights, personnel and compensation strategies, social media tactics and communications techniques for implementing customer experience management in your company.

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