

CableFAX Daily™

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What the Industry Reads First

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From the Skipper: Google's Football Play, FS1, And More

Does anyone really think **Google** is going to run away with rights to the **NFL's** Sunday Ticket? **ESPN** pres *John Skipper* doubts it. "I've always been pretty skeptical that rights holders of [signature] events will put those rights on digital platforms" for appointment viewing, he told reporters gathered in Bristol for the company's annual media day. Although leagues love to float that idea to create competition, "I don't think that's going to happen," he said. Perhaps Google will buy Direct Ticket, he speculated, but "my guess is **DirectTV** is more likely," he said. Google is "unquestionably looking to ramp up its offers in the video and broadband market, attempting to disrupt the traditional cable bundle by providing a cheaper entertainment solution," said a **Macquarie** research note on the Google-Sun Ticket scuttle. Along with Google Fiber, the company is expected to focus on digital media solutions that "redefine media distribution and monetization," the analysts said. Sunday Ticket is up for renewal following the '14 season. Despite all the Google hubbub, DirectTV is considered likely to renew given the importance of NFL to its franchise. Analysts expect the next multi-year deal to increase 20-25% from the current estimated 4-year \$4bln deal. **More from ESPN Media Day:** Skipper fielded the requisite questions on newbie **Fox Sports 1**. "I think they're looking to be a point of difference for some" of ESPN's audience, citing the net's focus on **UFC**, but "by definition, they have to be looking to syphon off some of our viewers." What about those ever increasing sports rights? Sure, they've gone way up, but "we've planned for them to go up... Keep in mind, everybody has to compete in the same arena. It's not like we do this in a vacuum," he said. Not surprisingly, the ESPN chief doesn't see a la carte as the answer because "specialty channels with specialized audiences" would not survive. But "because of the rights we hold, we'll be fine," he said. **Other tidbits:** While ESPN lost the World Cup to **Fox**, the net is committed to the sport. "We're going to have to have a Plan B," Skipper said. In the meantime, the '14 World Cup is going to be a "high watermark... We're going to set a new high bar." -- On recent layoffs at the company, Skipper said the company had to take "a significant look at how we manage our resources" but admitted "it was the least fun thing I've had to do in this job." In a short time, "we will have more employees than ever," he said, citing upcoming hires in NYC for *Keith Olbermann's* show, the new Digital Center and some new hires for the future **SEC Network**. -- On upcoming contract negotiations with **DISH**, "you're never confident 'til midnight," but the companies are having "very constructive conversations... It's clear we're on a path to get a deal done."

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Day 19: Or Day 20, depending on how you count it... The blackout is lifted for just a little bit. **CBS** and **Time Warner Cable** are briefly lifting it in NYC to ensure residents have access to upcoming debates for mayor and comptroller. That means Thurs' debate at 7pm between Dem candidates for NYC comptroller will be live at 7pm on **WCBS**. If the dispute isn't resolved, the blackout also will be lifted for other upcoming debates, including Aug 28's GOP mayoral debate. Meanwhile, TWC subs impacted by the CBS and **Journal Broadcast** blackouts will get a free preview of **Tennis Channel** during the US Open (starts Mon and runs through Sept 9). Tennis makes free previews available to affiliates every year for the US Open and French Open. The net, which TWC carries on a sports tier, will televise nearly 240 hours of US Open coverage. Given Tennis' status on a sports tier in many systems (see its **Comcast** FCC carriage complaint), distributors often highlight at US Open time that many matches are available on **ESPN2** and CBS as well as for free via US Open Live (www.usopen.org). In Wed's announcement, TWC mentioned this as well, presumably for subs not getting the free preview. It is only being offered in the CBS O&O markets and in markets that lost Journal stations. One bit of good news for Packers fans in WI. Fri's preseason game against Seattle won't be on Journal's **WTMJ**, with CBS broadcasting it for a national audience. On the other hand, that makes it bad news for Packers fans (or Seahawks fans) in NYC, L.A. and Dallas... CBS also has a preseason match between Denver and St Louis on Sat.

In the Courts: **Al Jazeera America** said late Tues that it has sued **AT&T** for breach of contract. AT&T U-verse dropped the channel shortly before it flipped from **Current** to **AJAM** Tues. "We had no choice but to take this action and to enforce Al Jazeera America's rights under its agreement with AT&T—and to compel AT&T to do the right thing," the net said. For its part, AT&T has blamed the drop on an inability to reach a new deal and for Al Jazeera's breaches of the existing contract.

Retrans: **DirectTV**, **Time Warner Cable** and **ACA** backed up their petition to deny the **Gannett-Belo** merger, telling the **FCC** to reject the broadcasters' claims that the retrans woes the trio raised aren't transaction specific. "The harms at issue here—the higher prices and increased blackout risks caused by collusive retransmission consent negotiations in the St Louis, MO; Phoenix, AZ; and Tucson, AZ, direct marketing areas—are plainly transaction specific," the MVPDs said, adding that the petition seeks to address those harms by enforcing existing policies.

At the Portals: The **FCC** Media Bureau granted a request to extend the deadline for comments in a Further Notice of Proposed Rulemaking in the closed captioning of Internet Protocol-delivered video programming as part of the 21st Century Communications and Video Accessibility Act. **Telecommunications for the Deaf and Hard of Hearing** and others asked that the Sept 3 deadline be extended to give consumers and consumer electronics industry members time to engage in a collaborative dialogue on the issues raised in the notice. The Bureau moved the deadline to Nov 4, with reply comments due Dec 4.

Layoffs: **Disney/ABC TV Group** is eliminating about 175 positions, with the majority of the layoffs coming from the O&O stations. The group, which includes the stations as well as **ABC Family** and **Disney Channel**, counts some 7600 employees. "As technological advances continue to alter the competitive landscape and viewer habits, it's incumbent upon us to stay ahead of the curve," the company said. "To that end, we've undergone a review of our organizational structures and processes, and have re-imagined and realigned certain areas and functions to gain efficiencies and better position us for future growth." It's possible some new jobs may be created as Disney/ABC focuses on online offerings, particularly its Watch TVE products. In May, news came that a few hundred positions were being eliminated at **ESPN** (see top story).

From the Street: The current and upcoming regulatory environment might make **DirectTV** and **DISH** "think twice about whether this is the right political climate in which to attempt to merger," **Craig Moffett** with **Moffett Research** said. He predicted incoming **FCC** chmn **Tom Wheeler** will appoint **Phil Verveer**, a veteran of the anti-trust division at the **DOJ**, as chief counsel. He was the lead counsel for the prosecution of DOJ's lawsuit against **AT&T**, which led to the breakup of the **Bell** system.

Programming: Debuting this fall on **Ovation** is "James Franco Presents," a series that gives an unprecedented look at the actor/writer/director/artist's projects and adventures. Thousands of hours from Franco's personal video library

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will be showcased, including video diaries, documentary footage from his art films and interactions with other artists. -- Season 2 of "Anthony Bourdain Parts Unknown" bows on **CNN** Sept 15, 8pm ET. -- **Science Channel** debuts "The Unexplained Files," a series looking at occurrences that have confounded scientists on Aug 28 at 9pm. -- **Spike TV** booked ten 1-hour eps of new series "Hungry Investor." Production of the show, which is about turning failing restaurants around, starts this fall with a spring premiere scheduled.

Tech: Mediacom renewed its contract with **Synacor**, extending its 4-year relationship with the TVE vendor. Synacor's consumer-facing Mediacom Webpage gives subs access to programming from **HBO, TBS, NBC, Bravo, Cartoon, Big Ten** and other nets with a single login for authentication.

Advertising/Marketing: Music Choice launched its 1st national advertising and branding campaign, a 1-year initiative tagged "Take Back Your Music." The 1st round of spots feature *Robin Thicke, Luke Bray, A\$AP Rocky* and other artists talking about how they take back their music in their daily life.

Editor's Note: That's right, folks. Just 2 more days before that sweet early bird rate on **CableFAX's** TV Innovation Summit takes flight never to return. Register before Fri to avert disaster: www.cablefaxtvsummit.com

CableFAX Daily Stockwatch

Company	08/21 Close	1-Day Ch	Company	08/21 Close	1-Day Ch			
BROADCASTERS/DBS/MMDS								
21ST CENTURY FOX:	31.45	(0.44)	GOOGLE:	869.33	3.91			
DIRECTV:	57.54	(1.1)	HARMONIC:	7.41	(0.11)			
DISH:	44.32	(0.14)	INTEL:	22.17	(0.35)			
DISNEY:	61.14	(0.74)	JDSU:	13.21	(0.19)			
GE:	23.61	(0.11)	LEVEL 3:	22.10	(0.42)			
MSOS								
CABLEVISION:	17.62	(0.78)	MICROSOFT:	31.61	(0.01)			
CHARTER:	123.23	(1.66)	RENTRAK:	23.11	(0.34)			
COMCAST:	41.83	(0.86)	SEACHANGE:	10.70	(0.27)			
COMCAST SPCL:	40.23	(0.67)	SONY:	19.66	(0.29)			
GCI:	8.85	(0.13)	SPRINT NEXTEL:	6.96	(0.01)			
LIBERTY GLOBAL:	75.25	(0.26)	TIVO:	10.83	(0.16)			
LIBERTY INT:	22.39	0.02	UNIVERSAL ELEC:	31.44	(0.52)			
SHAW COMM:	24.22	(0.44)	VONAGE:	3.13	0.01			
TIME WARNER CABLE:	108.15	(0.71)	YAHOO:	27.06	(0.06)			
WASH POST:	565.73	(7.73)	TELCOS					
PROGRAMMING								
AMC NETWORKS:	64.17	(1.53)	AT&T:	33.48	(0.39)			
CBS:	50.85	(0.7)	VERIZON:	47.27	(0.64)			
CROWN:	2.85	(0.1)	MARKET INDICES					
DISCOVERY:	79.43	(0.59)	DOW:	14897.55	(105.44)			
GRUPO TELEVISIA:	26.85	(0.71)	NASDAQ:	3599.79	(13.8)			
HSN:	56.34	(1.28)	S&P 500:	1642.80	(9.55)			
INTERACTIVE CORP:	49.73	(1.11)						
LIONSGATE:	34.76	0.35						
SCRIPPS INT:	74.22	(0.78)						
STARZ:	24.22	(0.26)						
TIME WARNER:	61.26	(0.62)						
VALUEVISION:	5.86	0.10						
VIACOM:	78.30	(0.26)						
WWE:	9.92	(0.09)						
TECHNOLOGY								
ADVANTAGE:	2.45	(0.02)						
ALCATEL LUCENT:	2.59	0.05						
AMDOCS:	37.79	(0.29)						
AMPHENOL:	75.57	0.04						
AOL:	33.81	(0.45)						
APPLE:	502.36	1.29						
ARRIS GROUP:	16.18	(0.34)						
AVID TECH:	5.40	(0.1)						
BLNDER TONGUE:	0.90	UNCH						
BROADCOM:	25.17	(0.22)						
CISCO:	24.07	(0.25)						
CONCURRENT:	8.08	0.03						
CONVERGYS:	18.50	(0.43)						
CSG SYSTEMS:	24.57	(0.18)						
ECHOSTAR:	41.55	(0.18)						

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Think about that for a minute...

Niche

Commentary by Steve Effros

We've all heard of niche programming. It's the way things are done these days. Some decry it as the principal cause of the deteriorating "common experience" we all used to have watching, say, the "Evening News" with Walter Cronkite. Others applaud the narrower focus that has encouraged an explosion of diversified channel options, the very thing cable television promised and delivered on over the years.



There's good reason to listen to both sides of this dialogue, and consider some of the likely new consequences as we move toward a technological day when not only will individual channels be viewed, or ordered, or streamed because of the niche they are in, but aggregated program packages will be, too.

The current niche programming becomes more obvious by the day. It's not only a "sports" channel, for instance, but the nature of the "sport" now also is a factor. ESPN has the majors. The outdoor participatory type programming is cornered by the fishing or hunting channels or the golf or tennis channels. Now Fox has launched an effort to compete with ESPN but did so with an opening salvo of "ultimate fighting," a "sport" that some major cable operators refused to even allow on their systems some years ago!

What we used to describe as "news channels" have devolved into highly stylized niche channels as well, led by Fox News and then followed on the other side by MSNBC and Current, which ironically has moved back toward the center of news reporting now that it has become Al Jazeera America.

There's no question the diversity is there. Happily, at least at the moment it's all available in one set of packages offered by the cable operator. But what happens when aggregated packages come to the streaming Internet and

the package is all of a kind? Should we worry? I think so.

We can see the beginnings of this happening now. Take a look at the deals Netflix has constructed recently. Yes, they are doing a limited amount of original programming. Great. But the deals for program packages, some of them exclusive, tilt heavily toward children's fare. It looks very much like Netflix wants to be the service that parents turn on in the morning to keep the little ones occupied. There's an obvious reason for that: it makes for great numbers in terms of hours watched, or at least streamed. That may not be good for the kids, but it certainly creates good numbers for Netflix!

It's understandable. After all, look at the recent worldwide box office totals for films. Last week *Smurfs 2* had racked up \$202,912,189. *Monsters University* was up at \$656,600,000. And *Despicable Me 2* topped the list at \$781,187,560, all according to Rentrak. The closest "big ticket" summer special, *World War Z*, was more than \$250 million behind the top children's animated episode. No wonder someone wants to lock up the children's market if they can.

Will the same be true for other markets? The "conservative" package? The "liberal" package? Will we have to buy a whole series of exclusive packages to get back to what we have today, which is access to essentially all of them? If sale of individual "a la carte" channels fails because it's simply too expensive, as I suspect will be the case, we may be facing either the demise of lots of diverse channels and the dominance of a few, or the development of a new set of niche aggregators. That's something we should all consider the implications of before going down that road.

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(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry)

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