

# CableFAX Daily™

Wednesday — August 28, 2013

What the Industry Reads First

Volume 24 / No. 167

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## TiVo 2Q: Returns to Profit, Gaming Console Integration Possible

Partially thanks to recent litigation settlements, **TiVo** posted a net income of \$268.9m in 2Q, compared to a net loss of \$27.7m in the same quarter last year. The quarter marked the highest revenue and highest profit ever, and was a departure from the losses primarily recorded over the past few years. The results came under 3 months after TiVo settled its ongoing litigation with **Cisco** and **Motorola** for \$490m, bringing the total from awards and settlements to around \$1.6bn. Litigation settlements will produce “significant increased licensing revenue well into the future,” pres/CEO *Tom Rogers* said. Along with the expected continued growth of the MSO subscription base, TiVo has “reached a brand new chapter in its financial performance that puts the company on an entirely new trajectory,” Rogers said during a conference call after market closed Tues. TiVo stock prices were slightly up in after-hours trading. By the end of 2Q, total TiVo subscriptions were at 3.6m, up 33% YOY. Meanwhile, as more MSOs put their content on gaming consoles, the goal is to “allow TiVo to be received wherever operators would like them to be received,” including gaming consoles, Rogers said. “Our platform has been driving toward finding cheaper ways for operators to have whole-home solutions,” he said. Meanwhile, the company is “in deep discussions” with a number of operators. Progress may be slower than expected due to a focus on cap ex issues related to hardware, Rogers noted. As execs repeatedly said, the company is focused on Tier 2 operators as some Tier 1 players have the internal engineering capability to drive a homegrown solution, according to Rogers. When it comes to potential acquisitions and mergers, TiVo has been “extremely conservative” and “hasn’t seen anything that’s considered transformative,” Rogers said. Going forward, TiVo anticipates net income in the range of \$6m to \$8m, and adjusted EBITDA of \$20m-\$22m. Driving the increase is a full quarter of Cisco/Motorola revenue recognition and continued growth in MSO revenue. The company, which recently launched Roamio device featuring streaming capability, expects the device to positively impact the trajectory of its retail business in the back half of the year. “We anticipate the Roamio models to deliver hardware margin improvements relative to the Premiere lineup,” Rogers said. TiVo added nearly 1m new subs in the past year. Its recent MSO deals include **Atlantic Broadband**, **Cable One**, **Com Hem**, **GCI**, **Midcontinent** and **Mediacom**.

**Collaboration:** Time Warner Cable became the 3rd major pay-TV provider to offer TV content on **Xbox**. How

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the experts who deliver it to the viewers.*

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Access Intelligence, LLC, 4 Choke Cherry Road, 2nd Floor, Rockville, MD 20850

does it compare? TWC TV for Xbox Live Gold members with a TWC subscription offers up to 300 live TV channels including **AMC, Bravo, Cartoon, CNN, Comedy Central** and **Food**, depending on the sub's cable package. **Verizon FIOS'** app includes upwards of 75 channels, while the **Comcast Xfinity** app is just for on-demand content. TWC's app features voice and gesture controls using Kinect. In addition to a guide, it enable users to filter searches by shows, channel names and genres. The companies are working to launch a VOD feature in the next 6 months, *Mike Angus*, Time Warner Cable's svp/gm of video, told us. That would make Xbox 360 the 1st platform to offer both TWC's live and VOD content. The companies are also "working aggressively" to provide local channels as "we want to bring offerings as robust as possible," delivering virtually all set-top lineups to Xbox, Angus said. Microsoft's vision of going beyond gaming started 2 years ago when it met with multiple MVPDs to discuss potential collaborations, said Blair Westlake, Microsoft corporate vp. Xbox 360 was launched as a gaming console, but as technology evolves and broadband penetration grows, Microsoft is looking to turn its gaming devices into all-in-one entertainment devices, Westlake said. Why? "As much as people love gaming, they like live TV more." With TWC TV on Xbox, users can switch between TV and gaming. "That's the bacon we are looking to deliver," he said. Going forward, "we hope more MVPDs take note of what Time Warner Cable has done and quickly shape the same offering," he said. For Time Warner Cable, it continues to look at other platforms while actively discussing with the development team to provide additional features to Xbox, according to Angus.

**Carriage:** **Cox** is creating a new Cox Sports2 tier and will be making **Pac-12 Nets** available within that tier to subs in CT, Springfield, MA; Oklahoma City and Tulsa, OK; Cleveland; Providence, DC and VA (Norfolk/Newport News, Richmond/Petersburg, Roanoke). **Time Warner Cable** is also launching Pac-12 Nets on systems in IN, KY and OH this week. Pac-12 also picked up distribution with **Buckeye CableSystem, Clear Cree Comm, Consolidated Comm, Hood Canal, Paul Bunyan** and **WTC Comm**.

**Advertising:** **DISH** is linking up with **NCC Media**, combining ad impressions in more than 3mln additional DISH homes with those of NCC owners **Comcast, Cox** and **Time Warner Cable** in the 25 largest US markets. It brings DISH to the local ad market for the 1st time and helps MVPD grow ad rev together, NCC said. DISH's newly developed targeted ad system will be integrated with existing local market cable interconnects.

**OTT:** **Apple TV** released a major update Tues, adding **Disney Channel, Disney XD, Vevo, Smithsonian Channel** and **Weather Channel**. Authentication is required for linear viewing of the Disney apps—and a sub's MVPD must have a deal for Disney's Watch products. **Comcast** and **Verizon** do have agreements, but **Time Warner Cable** and **DirecTV** do not.

**Work Happy:** Two MSOs made **CareerBliss.com's** list of top 10 companies with the biggest jump in employee happiness YOY. **Comcast** ranked #5, with its employee happiness score climbing nearly 9% to 4.0 on a 5-point scale. **Time Warner Cable** was 7th, with its score improving 5.8% to 4.3. CareerBliss.com combed through 70K company reviews and ratings to create the rankings. **Qualcomm** had the largest change, +30.2% to 4.7. Also on the list: **Ericsson** (+5.7%, 4.2) and **Microsoft** (+4.1% to 4.2).

**In the States:** And the latest KS city to vote in **Google Fiber**—drumroll, please... is Merriam. It's the 15th KC-area community to approve bringing the service (once it's ready) to residents. Last week, Leawood City Council gave Google the go-sign.

**WICT Goes to Washington:** After 10 years in the VA suburbs, **WICT National** has moved its HQ to DC. Before moving to the DC area, WICT counted Chicago as its home for many years. Now it set up shop at 2000 K St, NW. Next time you're at the White House, walk the extra 4 blocks to say hello.

**Programming:** **Cartoon's** "DreamWorks Dragons" returns on Sept 19 at 7:30pm. -- **RLTV** uses the upcoming holiday weekend to launch a "Labor Day Reboot" with inspirational programs aimed at helping viewers transform their careers, homes and so on. Programming includes original series "Second Act," "Who's Cooking with Florence Henderson" and "Your Life Redefined." -- The newest installment of **FX's** "American Horror Story" will debut Oct 9 at 10pm. "AHS: Coven" is filming now in New Orleans.

**Back to School:** **Discovery Education** and the **King Center** held a panel discussion Tues morning at a DC

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charter school commemorating the 50th anniversary of the March on Washington. The panel, featuring *Andrew Young, Carolyn McKinstry* (an eyewitness to the Sixteenth Street Baptist Church bombing) and others, was streamed live to high school students across the country. Discovery Education will provide archives of the panel to schools nationwide through its school services at [www.discoveryeducation.com](http://www.discoveryeducation.com). More on cable's coverage of the 50th anniversary of the March at [CableFAX.com](http://CableFAX.com).

**On the Circuit:** The 30th anniv of the **Kaitz Dinner** (Oct 9, NY Marriott Marquis) is set to be a special one, with an after-party featuring *Chaka Khan, KeKe Wyatt, Chante Moore* and *Celebrity DJ D-Nice*.

**People:** *Robert Gottlieb* was elevated to evp, marketing at **Fox Sports**. He's responsible for all Fox Sports' on-air, off-air and consumer marketing efforts for **FS1, FS2, Fox Deportes** and **Fox Sports Digital** assets. -- Best wishes to **NAB** deputy gen counsel *Valerie Schulte*, who retires Fri after more than 3 decades with the association. -- *Tom Huffman* was tapped as svp, unscripted programming for **WGN America** and **Tribune Studios**. -- **ABC** and **Univision** jv **Fusion** announced that **ABC News'** *David Ford* is joining as vp, corp communications. He'll be based out of the net's Miami HQ starting in mid-Sept.

## CableFAX Daily Stockwatch

Company	08/27 Close	1-Day Ch	Company	08/27 Close	1-Day Ch			
<b>BROADCASTERS/DBS/MMDS</b>								
21ST CENTURY FOX:	31.60	(0.48)	GOOGLE:	850.15	(16.24)			
DIRECTV:	57.98	0.49	HARMONIC:	7.13	(0.37)			
DISH:	44.29	(0.67)	INTEL:	22.19	(0.08)			
DISNEY:	60.69	(0.66)	JDSU:	13.06	(0.43)			
GE:	23.18	(0.43)	LEVEL 3:	22.24	(0.72)			
<b>MSOS</b>								
CABLEVISION:	17.39	(0.29)	MICROSOFT:	33.26	(0.89)			
CHARTER:	121.01	(1.16)	RENTRAK:	23.39	(0.4)			
COMCAST:	41.80	0.36	SEACHANGE:	10.18	(0.34)			
COMCAST SPCL:	40.30	0.28	SONY:	20.38	0.28			
GCI:	8.82	(0.15)	SPRINT NEXTEL:	6.75	(0.16)			
LIBERTY GLOBAL:	75.65	(0.4)	TIVO:	10.97	(0.18)			
LIBERTY INT:	22.43	(0.35)	UNIVERSAL ELEC:	31.01	(0.66)			
SHAW COMM:	24.00	(0.02)	VONAGE:	3.13	(0.07)			
TIME WARNER CABLE:	107.69	(0.51)	YAHOO:	27.00	(0.7)			
WASH POST:	571.90	(6.41)	<b>TELCOS</b>					
<b>PROGRAMMING</b>								
AMC NETWORKS:	61.67	(1.56)	AT&T:	33.69	(0.13)			
CBS:	51.16	(1.75)	VERIZON:	46.95	0.01			
CROWN:	2.96	0.02	<b>MARKET INDICES</b>					
DISCOVERY:	78.28	(2.21)	DOW:	14776.13	(170.33)			
GRUPO TELEVISIA:	25.79	(1.14)	NASDAQ:	3578.52	(79.05)			
HSN:	55.13	(1.58)	S&P 500:	1630.48	(26.3)			
INTERACTIVE CORP:	49.25	(1.04)	<b>TECHNOLOGY</b>					
LIONSGATE:	34.88	(1.08)	ADDVANTAGE:	2.44	-0.00			
SCRIPPS INT:	73.18	(1.41)	ALCATEL LUCENT:	2.57	(0.14)			
STARZ:	24.19	(0.43)	AMDOCS:	37.27	(0.5)			
TIME WARNER:	61.51	(0.58)	AMPHENOL:	75.17	(1.87)			
VALUEVISION:	4.67	(0.34)	AOL:	34.05	(0.82)			
VIACOM:	78.72	(1.28)	APPLE:	488.59	(14.38)			
WWE:	9.83	(0.21)	ARRIS GROUP:	15.98	(0.23)			
<b>TECHNOLOGY</b>								
ADDVANTAGE:	2.44	-0.00	AVID TECH:	5.45	(0.01)			
ALCATEL LUCENT:	2.57	(0.14)	BLNDER TONGUE:	0.90	0.03			
AMDOCS:	37.27	(0.5)	BROADCOM:	24.86	(0.14)			
AMPHENOL:	75.17	(1.87)	CISCO:	23.48	(0.34)			
AOL:	34.05	(0.82)	CONCURRENT:	8.61	(0.27)			
APPLE:	488.59	(14.38)	CONVERGYS:	18.03	(0.67)			
ARRIS GROUP:	15.98	(0.23)	CSG SYSTEMS:	23.96	(0.56)			
AVID TECH:	5.45	(0.01)	ECHOSTAR:	40.59	(0.76)			
BLNDER TONGUE:	0.90	0.03						
BROADCOM:	24.86	(0.14)						
CISCO:	23.48	(0.34)						
CONCURRENT:	8.61	(0.27)						
CONVERGYS:	18.03	(0.67)						
CSG SYSTEMS:	23.96	(0.56)						
ECHOSTAR:	40.59	(0.76)						

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