

CableFAX Daily™

Thursday — September 22, 2011

What the Industry Reads First

Volume 22 / No. 183

Reading Into Library Content: All Boon and No Bane for Cable?

Is a consensus view of **Netflix** as non-competitive with cable warranted at last? Comments made at the **Goldman Sachs** conference Wed appear to answer yes. Content owners, of course, have developed crushes on NFLX and other OTT plays in recent months. Even **Discovery Comm**, which has waded gingerly into the digital world for fear of disrupting cable's dual-rev model, now touts an expanded relationship with the subscription service that includes additional seasons of shows from nearly all of its nets. Discovery pres/CEO *David Zaslav* loves the new 2-yr domestic deal because it features content that's at least 18 months old, provides meaningful rev and helps polish DISCA brands through added exposure. "Today, when you look at where the industry is headed, it's quite attractive for a content owner," said Zaslav. "For the first time, there are a ton of people knocking on our door, very interested in our content." **Scripps Nets** is preparing to get involved, too. "We don't really worry about a conflict between linear and over-the-top because there is a lot of content that we own," said CFO *Joseph NeCastro*. "There will be plenty to work with." Importantly, older programming on digital platforms isn't seen as directly impacting MVPDs. And ops will be pleased to know that NFLX holds no near-term plans to stray from its library model—and in fact is embracing it. Over the past 24 months, said CFO *David Wells*, NFLX subs have become less and less sensitive about the freshness of content and more focused on a quality viewing experience. "Our subs are more about what was great about what [they] just experienced," said Wells, adding "If it's fresh to Netflix, chances are it's fresh to them." **News Corp** deputy chmn *Chase Carey* said NFLX's M.O. puts it in another segment apart from cable altogether. "It has a place in the market, I just don't think it's a competitive product." Any ramping of slow-to-materialize TV Everywhere initiatives could further distance cable from OTT, and also help mute the lingering cord-cutting talk. A frustrated Carey, however, would like to see greater urgency from ops, who he said continue to look for walled gardens when they should be "creating a better experience for viewers... instead of building a better wall." Authentication, if done right, can also help moderate programming costs, he said, which would benefit content owners and ops alike. Discovery's ready to give authentication a trial run like it has now done with Netflix, although no deals have been forged. Interestingly, Zaslav said that ops may have taken a cue from NFLX's success with on demand viewing. Whereas TV Everywhere was initially conceived mainly for live streaming, now "random access seems to be an ambition" of ops, he said. "The distributors we're talking to are looking to lean in that direction as well as linear."

New Pilot: *Emilio Romano* was named pres, **Telemundo**. He'll start the gig in Oct and lead Telemundo broadcast net and its 14 O&Os. He'll also have oversight of cable net **mun2**, digital media and sales and marketing. Romano was with **Grupo Televisa** in the late '90s and more recently served as CEO for **Grupo Mexicana de Aviacion**, where he was responsible for the airline's largest financial restructuring in its 87-year history. "Telemundo has found in **NBCUniversal** and **Comcast** the ideal partners to leverage [Hispanic market] growth and continue to build a world-class media company that will inform, educate, inspire and entertain Hispanic viewers in the US and audiences around the world," Romano said.



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CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC • www.cablefaxdaily.com • fax:301.738.8453 • Editor-in-Chief: Amy Maclean, 301.354.1760, amaclean@accessintel.com • Exec Editor: Michael Grebb, 818.945.5309, mgrebb@accessintel.com • Assoc Editor: Chad Heiges, 301.354.1828, cheiges@accessintel.com • Community Editor: Kaylee Hultgren, 212.621.4200, khultgren@accessintel.com • Contributor: Seth Arenstein • Publisher: Debbie Vodenos, 301.354.1695, dvodenos@accessintel.com • Assoc Publisher: Amy Abbey, 301.354.1629, aabbey@accessintel.com • Marketing Dir: Shadi Akhavan, 301.354.1613, sakhavan@accessintel.com • Prod: Joann Fato, 301.354.1681, cdaily@accessintel.com • Diane Schwartz/VP and Group Publisher • Subs/Client Services: 301.354.2101, fax 301.309.3847 • Group Subs: Shadi Akhavan, 301.354.1613, sakhavan@accessintel.com

Goldman Sachs Notebook: Travel has the most upside potential right now for **Scripps Nets**, according to *Joseph NeCastro*, Scripps Nets Interactive CFO. Most of that potential is tied to programming/ratings, but affiliate fees and advertising also have roles to play. Could Travel get similar MVPD renewal rates to what Scripps pushed through for **Food** and **HGTV** in '09? "I'd love to think that's the case, but it's not realistic," he said, though he added that a step-up is due as Travel has a bigger audience than its license fees would suggest. Meanwhile, NeCastro said a lot has been learned about what does not work on the net. The do-not's include "Voice of God" narration over video, travelogues, shows about inaccessible, exotic locations. "[It's] more about interesting characters and interesting destinations with a storyline," he said. -- **Time Warner Cable** COO *Rob Marcus* provided a little bit more color on last week's statement that Q3 was looking better than Q2 (*Cfax*, 9/15). He specifically tackled whether **Verizon's** strike significantly affected sub trends. While it couldn't have hurt, Marcus said it wasn't a significant driver, noting that the best market performers YOY were the Carolinas (no Verizon presence) and Texas (whose few VZ markets weren't affected by the strike). Chief takeaway: TWC's PSU net add performance is better than a year ago. "It's the 1st time we can say that in an awfully long time," Marcus said. "We're losing fewer video subs than a year ago and gaining more HSD subs than a year ago." Based on Marcus' comments and better HSD product net addition trends, **Miller Tabak** moderately increased its 3Q rev estimate to \$4.968bln (+4.9%) from \$4.964bln. Marcus said TWC's TV Essentials value package, already available in NY and OH, will roll out to additional markets in the coming weeks. The MSO is planning a similar low-tier HSD offering. A new ad spot has launched for its high-end Signature Home package, which he said relaunches the offering in a different marketing light.

Patent Speak: Citing a federal court ruling last month, the **US Intl Trade Commission** said **Cablevision** has not violated **Verizon's** set-top patents. In a notice issued Tues, the ITC said there is no violation of sec 337. -- **Comcast** has filed suit against **BT Telecom**, seeking a ruling that it doesn't infringe on 8 BT patents, *Bloomberg* reports. The suit was in response to a motion by BT to amend a patent suit filed against **Cox** and **Cable One** to add Comcast as a defendant. Comcast wants the court to invalidate the patents.

Marketing: TBS's "Come Out Swinging" marketing campaign spotlighting its **MLB** playoffs coverage includes a takeover of transit shelters along Philadelphia's Market Street. The shelters have been transformed into the Phillies dugout and feature life-size photos of team stars, and include mobile tech with which commuters can interact with TBS. The net's campaign also includes a national TV ad featuring *Jason Bateman*, plus digital, radio and print.

Programming: **HGTV** snatched up social mediates *Amie Sikes* and *Jolie Sikes-Smith* for an eclectic design style show, "Junk Gypsies" (bows Nov 27, 7pm). -- **Bravo's** "Top Chef: Texas" debuts Nov 2, 10pm. New this season, eliminated contestants will have a 2nd chance at the Top Chef title through webisode series "Top Chef: Last Chance Kitchen."

People: *Jason Odell* joined **Current TV** as evp, technology.

Public Affairs: **C-SPAN** and founder/CEO *Brian Lamb* gifted George Mason Univ with the entire collection of 801 nonfiction books used on the net's long-running "Booknotes" series ('89-'04). A \$25K grant from the C-SPAN Education Foundation will allow the school to catalog and preserve the collection. In addition to the 801 books, the collection will include associated archival materials, such as notes, letters and correspondence with authors and reviews. Many of the books contain marginalia, which served as the basis for Lamb's interview questions with the authors. -- **The Motorola**

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BUSINESS & FINANCE

Mobility Foundation announced the 1st recipients of its Empowerment Grants program, which provides nonprofits with funding to prepare the next generation by exposing them to new and emerging tech. 51 nonprofits will receive funds.

On the Circuit: NAMIC will host its Diversity in Media & Entertainment Career Expo on Oct 4 from 2-6pm. Presented in partnership with **CableFAX**, the Expo is free and open to the general public. Advanced registration is encouraged for applicants; recruiters' reservation deadline is Fri. -- The 5 finalists for **CTAM's** 2nd iTV Idol competition: **itass'** tablet computer app, **Showtime's** upsell app, **Weather Channel** and **Nielsen MediaSync's** companion app that uses audio watermarks in shows to unlock bonus content, **Intrasonics'** trivia, polling, t-commerce app, and **WE/Fuse/MSG/Ensequence's** app offering new interactive content every 5-7 mins during programming. CTAM in New York attendees will vote on the winner during the Oct 5 session.

Business/Finance: The Gores Group agreed through an affil to acquire TX fiber network and data center op **Alpheus Comm**, which Gores plans to combine with **First Comm**. **Waller Capital** financially advised both parties. Separately, Waller also acted as the exclusive advisor to the owners of **Vision Comm** regarding a deal in which **EATEL** agreed to buy the LA-based telecom firm.

CableFAX Daily Stockwatch

Company	09/21 Close	1-Day Ch	Company	09/21 Close	1-Day Ch
BROADCASTERS/DBS/MMDS			BROADCASTERS/DBS/MMDS		
DIRECTV:	41.61	(2)	BLNDER TONGUE:	1.21	(0.12)
DISH:	26.27	(0.96)	BROADCOM:	35.25	(0.56)
DISNEY:	31.28	(1.03)	CISCO:	15.84	(0.69)
GE:	15.38	(0.66)	CLEARWIRE:	2.32	(0.14)
NEWS CORP:	16.22	(0.68)	CONCURRENT:	5.35	(0.33)
MSOS			CONVERGYS:	9.40	(0.31)
CABLEVISION:	16.84	(0.65)	CSG SYSTEMS:	13.01	(0.48)
CHARTER:	48.16	(1.29)	ECHOSTAR:	22.57	(0.43)
COMCAST:	21.86	(0.86)	GOOGLE:	539.20	(7.42)
COMCAST SPCL:	21.61	(0.79)	HARMONIC:	4.40	(0.16)
GCI:	7.82	(0.58)	INTEL:	21.94	(0.26)
KNOLGY:	13.30	(0.29)	JDSU:	12.46	(0.59)
LIBERTY CAPITAL:	71.41	1.05	LEVEL 3:	1.52	(0.03)
LIBERTY GLOBAL:	37.98	(0.09)	MICROSOFT:	25.99	(0.99)
LIBERTY INT:	16.77	1.26	MOTOROLA MOBILITY:	37.95	0.13
SHAW COMM:	21.10	(0.55)	RENTRAK:	12.46	(0.57)
TIME WARNER CABLE:	63.83	(1.69)	SEACHANGE:	7.78	(0.16)
VIRGIN MEDIA:	24.64	(1.49)	SONY:	19.18	(0.63)
WASH POST:	318.50	(15.9)	SPRINT NEXTEL:	3.25	(0.08)
PROGRAMMING			THOMAS & BETTS:	40.17	(1.61)
AMC NETWORKS:	35.48	(0.51)	TIVO:	10.25	(0.07)
CBS:	22.73	(1.03)	UNIVERSAL ELEC:	15.40	(1.19)
CROWN:	1.30	UNCH	VONAGE:	2.75	(0.13)
DISCOVERY:	39.93	0.19	YAHOO:	13.96	(0.4)
GRUPO TELEvisa:	18.11	(0.52)	TELCOS		
HSN:	34.18	1.03	AT&T:	28.30	(0.55)
INTERACTIVE CORP:	41.25	(0.91)	VERIZON:	35.84	(0.57)
LIBERTY STARZ:	71.79	1.03	MARKET INDICES		
LIONSGATE:	6.96	(0.07)	DOW:	11124.84	(283.82)
LODGENET:	1.65	(0.05)	NASDAQ:	2538.19	(52.05)
NEW FRONTIER:	1.20	(0.04)	S&P 500:	1166.76	(35.33)
OUTDOOR:	5.79	(0.31)			
SCRIPPS INT:	41.98	(1.41)			
TIME WARNER:	29.99	(1.23)			
VALUEVISION:	3.03	(0.22)			
VIACOM:	54.33	(2.71)			
WWE:	8.83	(0.17)			
TECHNOLOGY					
ADDVANTAGE:	2.15	(0.08)			
ALCATEL LUCENT:	3.11	(0.01)			
AMDOCS:	27.81	(0.19)			
AMPHENOL:	42.51	(0.36)			
AOL:	11.77	(2.17)			
APPLE:	412.14	(1.31)			
ARRIS GROUP:	10.48	(0.48)			
AVID TECH:	8.82	(0.09)			
BIGBAND:	1.35	(0.02)			



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Think about that for a minute...

Editorial Discretion

Commentary by Steve Effros

In the past few months I've been writing a lot about "discrimination" and "neutrality." Both are terms that have been abused by those who have policy positions predicated on using "hot button" words and for the most part using them either out of context or just plain improperly.

Illegal discrimination, I noted, was bad, but being "discriminating" was good. "Neutrality" is impossible when you are responsible for making an infrastructure work when it inherently has to prioritize the use of bandwidth to allow different types of data and information to successfully be delivered.

So now we come to "editing." I'm of the view that when all is said and done, and the manic developmental pace of the Internet moderates to the point where folks can make it a truly useful and reliable tool, one of the most important roles will be that of the editor.

It's already clear that the flood of information, the "Twittering Masses," the viral e-mails and all the rumors and innuendo that constantly clog the web have caused people to start being a little more careful about what they see and hear. That's all to the good. But they aren't careful enough, yet. I know I'm not the only person who gets serial e-mails with massive amounts of misinformation, and the plea to "send it to all your friends" because whatever is being said is so important, or heartfelt, or significant.

Flash mobs are being formed for fun purposes, like a dance troupe at Grand Central Station in New York. But they are also now being organized to suddenly raid and strip the shelves of a 7/11. Great medical information is now available and patients are finally getting more details on what ails them than is given in the two minutes you get to talk to the Doctor. But charlatans are also using the web, and anyone who wants to sell "miracle

cures" has found that the Internet is far more efficient than a big tent.

So editors are going to become that much more important, and their reliability and known editorial discretion is going to be a value added service. I was reminded of that again this week when I went to a discussion on Capitol Hill about the latest ruckus that maybe Google should be regulated and there should be government imposition of "search neutrality."

Now the FCC is just finally getting the paperwork done on "net neutrality" and it will clearly be challenged in Court. But those in favor of heavy government "protection" of the "web" have moved on. They argue that "search neutrality" is important, or at least may be, because Google has become so dominant and could... emphasize could, abuse its position and "tilt" search results to its own benefit.

Even the professors arguing for hearings and investigations admitted that they didn't know if Google was actually doing that, they just insist there should be investigations anyway. When asked what the remedy would be if it was found that Google was skewing its search results one way or another, there was general agreement that no one knew what a "remedy" could be! Certainly having a government agency monitoring or approving editorial decisions can't be one of them.

Google already acknowledges some skewing. For instance when medical inquiries are made, no matter how many supplement sellers may be at the top of the algorithm derived search, Google puts the NIH web site up there regardless, so folks can find reliable information. That's editorial discretion, and we need more of it, not less.

Steve

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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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