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# CableFAX Daily™

Thursday — October 6, 2011

*What the Industry Reads First*

Volume 22 / No. 193

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## Game Time: MVPDs, Programmers Advance TV Everywhere through Xbox

A flurry of recent news led by **Xbox Live's** comprehensive content provisioning plan and deals with **Comcast** and **FIOS TV** underscores the ramping acceleration of TV Everywhere initiatives. Indeed, "television has been unleashed," said **Disney/ABC TV Group's Anne Sweeney** during her **MIPCOM** keynote Wed. "The future of television is unknown—because its potential is now unlimited." With 2 dozen patents in process "for technology we've invented to further our business," said Sweeney, the group has been 1 of the innovators in the TV Everywhere space, both here and across the pond. Now, **Microsoft** is attempting to cement its status as a key host of the innovation party. The tech giant officially announced Wed its rumored plans to bring Comcast's Xfinity On Demand service to the Xbox 360 in the coming months, plus FIOS TV's feature of certain live channels via the console come holiday time. The pair joins **U-verse TV** on the platform, which also inked new content deals with partners including **HBO Go, Bravo, Epix** and **Syfy**. "Today's video game enthusiasts don't fit the traditional stereotype anymore—they are interactive, social and on the cutting-edge of today's digital lifestyle," said Comcast CTO **Tony Werner** in a Wed blog post. "Bringing our On Demand content to them via the Xbox 360 gives them more ways to experience entertainment in an environment that's familiar to them." **BTIG's Richard Greenfield** said the Comcast/MSFT news is "a good first step" for cable ops, but he wants to see more. "If it is okay on an iPad (such as what **Cablevision** or **Time Warner Cable** are offering today), why not allow it via an XBox?" he said. "Similarly, for Comcast, if you are okay with on-demand content, why not go all the way and enable live TV?" Enablement, meantime, is the focus of **Synacor's** freshly launched "TV Everywhere for Everyone" campaign, which strives to deliver TV Everywhere services to every American by the '12 Olympics. Having already provided TVE services to several cable and DBS ops, the company's using its platform to go after small- to medium-sized MVPDs and estimates 30% of rural subs could be TVE-ready by Mar '12. **Time Warner** chief **Jeff Bewkes** has said TVE is already available to approx 70mln US homes. More and more nets are hopping aboard the TVE train, too. **Telemundo** said it plans to launch a pair of **YouTube** channels, 1 dedicated to Telemundo content such as weekly novela summaries and the other to **mun2** and slated to feature promo clips and mun2.tv original bilingual programming. Also, **Sony Movie Channel** unveiled its authenticated online service that will make a raft of films available at no additional

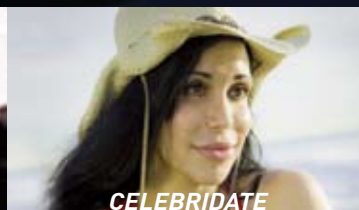
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charge to **DirectTV** and **DISH** customers. Perhaps Sweeney summarized the stunning changes afoot in the TV industry best. "Television has always been something you watch," she said. "Now, increasingly, it's also something you do."

**Use Your Census:** When it comes to the US Census data, it's "either worshiped or demonized," **Nielsen** svp, public affairs & govt relations *Cheryl Pearson-McNeil* told **NAMIC's** Wed general session. The key is to get clients to understand now what the info means. That's not always easy, with **BET Nets** svp, corp market research *Matthew Barnhill* complaining that some advertisers think spending for African American or Hispanic audiences is an either/or proposition. It shouldn't be that way with, African Americans representing almost \$1 trillion in buying power, and Hispanics more than \$1 trillion. Hispanic growth was definitely a headline from the 2010 Census, with Latinos driving 56% of all US population growth since '00 and comprising 16% of the total US population. And amidst that growth are some misconceptions, with **Fox Deportes** evp, gm *Vincent Cordero* explaining that 60% of US Latinos are born here. Latinos are willing to sample English- and Spanish-language programming and pick what is more relevant to them. Case in point, among Spanish dominants, 36% of TV viewing is in English, he said. Among English dominants, that number grows to 94%. And among those who speak English and Spanish equally, 75% of TV viewing is in English, Cordero said. It's those kind of stats that help explain **mun2's** programming philosophy, which gm *Diana Mogollon* said targets Gen Y'ers who toggle easily between both language. Mun2 features a lot of English-language programming as well as strategically acquired Spanish-language product that offers the "culturally relevant moment that these audiences are craving." When it comes to Census data, everyone needs to be bilingual—as in they also need to speak "money" so that clients, bosses, etc understand the significance, Pearson-McNeil said. So, instead of saying that 1/3 of all African Americans own smart phones—60% are Droid or Blackberry; only 16% iPhone, translate that to: Smartphone sales increased 45% to \$23bln, with an average cost of \$43.65-\$117 a device. If 1/3 of African Americans own them, that means 14mln have been sold to this demo at \$611mln on the low-end or \$1.63bln on the high-end.

**Inside the Beltway:** The House on Wed unanimously approved Rep *Charles Bass*' (R-NH) legislation for improving accountability and transparency for broadband stimulus spending. The bill requires **NTIA** and **RUS** to terminate awards that were part of the \$7bln broadband grant and loan programs if they find waste, fraud or insufficient performance. -- The USF fun really heats up Thurs, when **FCC** chmn *Julius Genachowski* outlines the agency's proposals for USF and intercarrier compensation reform. The issue is slated for a vote at the Oct 27 open meeting (**Cfax**, 10/5). -- **House Commerce** tackled the **FTC's** recommended changes to the Children's Online Privacy Protection Act Thurs. Among the proposed modifications: requiring parental permission for geo-location and online tracking cookies. Despite teens' rampant use of social sites, the FTC rejected suggestions to extend COPPA rules to kids 13-17. Reps *Ed Markey*

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(D-MA) and Joe Barton (R-TX) have introduced a Do Not Track Kids Act that encompasses some of the same FTC recommendations. "I commend the Commission for rejecting arguments that voluntary, self-regulatory efforts are the best way to address privacy concerns in connection with behavioral targeting of children online," Markey said.

**CTAM Notebook:** CTAM announced its new board effective immediately, tapping **Cablevision** marketing and advertising evp *Jon Hargis* as its new chair. The organization has been chair-less since *Sam Howe* departed **Time Warner Cable** in July. **Nat Geo Nets** pres *Steve Schiffman* is sec/treasurer. The new dirs are **Cox** CMO *Mark Greatrex* and TWC CMO *Jeff Hirsch*. -- In a session on digital strategy at **CTAM in NY**, **ESPN** svp, marketing *Carole Kruse* said that digital presence often becomes a "check the box" for many companies. But it's important to tell a unified story across all a brand's mediums and platforms. "We don't want to have the same luggage," she said. It takes a lot more "creative conceiving" and a larger budget, but it's not the brand with the most Facebook fans that benefits. The one with the "most engaged and active fans... ultimately wins." According to evp, global strategy and insights for **Edelman** *Steve Rubel*, the best digital strategy to implement is the hub-and-spoke model, in which the "hub" is the center of excellence or expertise, and the spokes are the vehicles of the content. "Likes and Twitter followers are like paper money," he said. Rubel left the audience of marketers with 2 phrases to consider when constructing a digital strategy: "Don't make me think," and "It just works." That means, keep the content simple and the medium functional. The move away from simplicity "may end up being Facebook's albatross," he said. When the platform began, its genius was its "elegance." On the functionality point he added that customers just want things to work, and work well. "That's why **Apple** is so successful."

**5Qs with Abbe Raven, pres/CEO of AETN:** We asked pres/CEO *Abbe Raven* to point out the challenges and opportunities for content as technology and viewership evolves. Raven will be inducted into the CableFAX Programming Hall of Fame at our Oct. 18 luncheon at the Hollywood Renaissance in L.A. **The Lifetime acquisition was obviously a big deal for AETN. Now that Nancy Dubuc has overseen the net for more than a year, what's your report card so far?** Over the last year, Nancy has put together a great team and has green-lighted a number of projects in the scripted and non-scripted arena. She also really tapped into the creative community... Our Lifetime programming strategy has a three pronged approach of great scripted dramas, groundbreaking nonfiction series and original movies that Lifetime is know for... They have an incredible development slate, and I am excited for what's ahead for Lifetime in the coming months. **Now that you've integrated Lifetime, do you think AETN would look at other acquisitions? Why or why not?** We have an strong portfolio of brands... To have two of the top five brands in adults (A&E and History) is an amazing accomplishment. We also have a great portfolio of emerging brands, but of course we are always looking for new opportunities. AETN has a good mix of scripted and non-scripted content. **From a strategic standpoint, what are the advantages and disadvantages of each in terms of monetization?** In success, both bring great advantages. Obviously, non-scripted is more cost effective to produce and the return is higher, but smart investments in scripted programming brings incredible value to brands like Lifetime and A&E and is essential to their DNA. It is all about having the right mix for our viewers, advertisers and distributors. **AETN has pretty wide distribution across all platforms. But where's the growth? What areas of the business do you view as undercapitalized or ready to explode in the next few years?** Our emerging brands are where we see incredible growth potential. Lifetime Movie Network, H2, Crime & Investigation and Bio all have strong ratings potential, and we are investing in more content for each. Cultivating our next generation of brands has always been a key part of our growth strategy as well as international expansion. **Let's talk about international. How much growth do you see there?** AETN brands and content are now in over 130 countries around the globe in over 300 million households... I am incredibly proud that History is now the #1 non-fiction brand around the world, and A&E, Bio, Crime & Investigation are also dominating in many foreign pay markets. We are launching History in



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India this fall, and we are also excited to begin distributing Lifetime content. **[For more info on the Oct 18 Program Awards/Top Ops event in L.A., go to <http://www.cablefax.com/cfp/events/program2011/>]**

**In the States:** DISH is offering through Nov 3 a free preview of **Sportsman Channel**, featured as part of its America's Top 250 and Outdoor Sports programming packages. The preview coincides with the net's Rise of the American Sportsman premiere week going on now. -- **Frontier Comm** expanded its Metro Ethernet service to more than 55 new, mostly smaller markets in 10 states, including Myrtle Beach, SC, and Fort Wayne, IN.

**ACC:** What's the skinny on **Google+**? Social media journalist *Jeff Cutler* described it during **ACC's** Forum as a "reset button" for **Facebook** if you have too many friends, etc. Google+'s "Hangouts" app can be especially helpful for brands because it lets you hold online press conferences, fan parties, etc and include only the people you want. Another tip from Cutler: check out [addictomatic.com](http://addictomatic.com) for a true search of everything on the Web about a topic or your brand. Cutler reminded the group that every social media app, even the free ones, has a cost: your time. -- Outgoing ACC pres *Jim Maiella* of **Cablevision** kicked off the annual gathering of cable PR pros by channeling *Steve Jobs* and declaring, "iPhone ACC... Today, ACC reinvents the phone." Not quite, but much of the conference is focused on how to better communicate using social apps for those iPhones... *ESPN's Rosa Gatti* will take over as ACC pres after the Beacons are awarded Thurs.

**More From NAMIC:** "The digital divide is over," announced chief content officer for **Interactive One Smokey Fontaine** in a session on social media marketing. African American and Latino audiences are using social media as much as their general market counterparts. People of color engage more, are early adopters of social media and are all over **Twitter**. More than 30% of Twitter users are people of color, he said. "That's why Twitter trending topics seem so urban." Increasingly, customers are going to sources that they trust and even look like them, he said. But more than race being a factor, according to *J.P. Lespinasse*, dir of social media, **BET Nets**, for his company, "It's about the voice—those intricacies that your community speaks about internally, that you can then bring to social media," said Lespinasse. Though BET's primary focus is entertainment, more and more of the community looks to them for news and historical content, he said. "They want everything, but they want it in a distinct voice," he said. *Sabrina Caluori*, vp, social media & marketing, **HBO**, said that HBO has targeted ethnic markets in recent years, but has recently shifted its focus to target by "likes" and moods, thanks to social media. Unsurprisingly, **Facebook's** entertainment strategist, global customer marketing Kay Madati seconded this strategy. People are engaging now for different reasons other than race and ethnicity, so multicultural marketing has to evolve. "We're moving towards a post-demographic targeting," said *Ian Schafer*, CEO of digital engagement agency **Deep Focus**. "Lifestyles you participate in matter more." The recent changes made by Facebook are an indication of this, he said. The spotlight is on peoples' interests, where they gather and what they're doing when they get there. "The activity, the engagement, is much more important," said Madati.

**Programming:** **Bloomberg TV** and **The Washington Post** are gearing up for the 1st debate of the '12 Presidential Race focused solely on the economy (Oct 11). In partnership with **WBIN-TV** in NH and Dartmouth College, the debate will be moderated by *Charlie Rose* and 1 correspondent each from the Post and Bloomberg. -- **Tennis Channel** inked a multi-year extension of the French Open rights package it has featured since '07. Running through '22, the extension keeps the net as the primary non-broadcast home of the major tourney and includes streaming, digital, mobile, VOD and TV Everywhere rights. -- **truTV** greenlit "Killer Karaoke" ('12), hosted by Steve-O and set to challenge contestants to break out in song amid extreme situations. -- **3net** announced 3 new original programs to air this month: series "The Ancient Life" (wt) and "Scary Tales" series and 1-hour special "Indy 500: The Inside Line."

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SOURCE: Nielsen Media Research, NPM, ReelzChannel Household Universe Estimate 60,548,000, October 2011.

# BUSINESS & FINANCE

**Public Affairs:** Comcast's Xfinity TV kicked off its 5th annual Pink Ribbon Campaign to coincide with Breast Cancer Awareness Month in partnership with Breastcancer.org. Featured are more than 65 educational videos available on demand and via the Xfinity TV mobile app. -- As part of its Connect a Million Minds initiative, **Time Warner Cable** launched the Super Connector Search, a user-generated contest spotlighting local TWC customers who are connecting young people to STEM. The MSO is contributing \$125K to afterschool STEM orgs and offering a chance to star in a Connect a Million Minds spot and up to \$25K in grants. -- As part of its Characters Unite campaign, **USA Networks** has partnered with the **Epilepsy Foundation** in a national campaign to raise awareness for seizure first aid through a PSA and dedicated website. -- Online voters chose alt band Sunderland as the winner of the "Charter Center Stage" national battle of the bands contest. With a prize package valued at nearly \$25K, the band can replace their recently stolen equipment and will open an outdoor concert to be streamed live over Facebook Oct 15.

**People:** **AMC Nets** tapped *Rob Doodian* as evp, HR. -- *Nicole Sabatini* joined **Style** as svp, marketing. -- **The Weather Channel** welcomed *Piper Walker* as vp, inside sales. -- *Suejin Yang* was appointed vp, **Bravo Digital Media**.

## CableFAX Daily Stockwatch

Company	10/05 Close	1-Day Ch	Company	10/05 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	41.88	0.33	BLNDER TONGUE:	1.19	0.04
DISH:	24.92	0.12	BROADCOM:	34.82	1.51
DISNEY:	31.51	1.65	CISCO:	16.16	0.58
GE:	15.27	0.41	CLEARWIRE:	2.10	(0.05)
NEWS CORP:	16.00	0.36	CONCURRENT:	4.64	(0.14)
<b>MSOS</b>					
CABLEVISION:	16.21	0.33	CONVERGYS:	9.04	(0.06)
CHARTER:	46.59	1.49	CSG SYSTEMS:	12.87	0.35
COMCAST:	21.63	0.46	ECHOSTAR:	23.69	1.27
COMCAST SPCL:	21.44	0.50	GOOGLE:	504.70	2.80
GCI:	8.33	0.20	HARMONIC:	4.37	0.10
KNOLLOGY:	13.28	0.18	INTEL:	21.85	0.63
LIBERTY CAPITAL:	63.09	0.27	JDSU:	9.87	0.32
LIBERTY GLOBAL:	33.43	(0.63)	LEVEL 3:	1.52	0.10
LIBERTY INT:	14.70	0.73	MICROSOFT:	25.89	0.55
SHAW COMM:	20.44	1.10	MOTOROLA MOBILITY:	37.75	(0.12)
TIME WARNER CABLE:	66.38	1.40	RENTRAK:	12.76	(0.69)
VIRGIN MEDIA:	23.73	0.02	SEACHANGE:	8.16	0.03
WASH POST:	321.69	1.69	SONY:	18.78	(0.04)
<b>PROGRAMMING</b>					
AMC NETWORKS:	31.00	0.01	SPRINT NEXTEL:	2.86	UNCH
CBS:	20.85	1.26	THOMAS & BETTS:	41.40	0.81
CROWN:	1.42	0.12	TIVO:	9.42	0.04
DISCOVERY:	37.95	0.20	UNIVERSAL ELEC:	17.28	(0.41)
GRUPO TELEVISA:	19.66	0.21	VONAGE:	2.56	(0.01)
HSN:	32.34	0.27	YAHOO:	15.92	1.46
INTERACTIVE CORP:	37.68	0.70	<b>TELCOS</b>		
LIBERTY STARZ:	61.04	1.10	AT&T:	28.31	0.43
LIONSGATE:	7.02	(0.06)	VERIZON:	35.77	(0.13)
LODGENET:	1.35	(0.18)	<b>MARKET INDICES</b>		
NEW FRONTIER:	1.04	(0.03)	DOW:	10939.95	131.24
OUTDOOR:	6.13	0.36	NASDAQ:	2460.51	55.69
SCRIPPS INT:	37.61	1.25	S&P 500:	1144.04	20.09
TIME WARNER:	30.94	0.89			
VALUEVISION:	2.67	0.28			
VIACOM:	47.82	1.44			
WWE:	9.53	0.06			
<b>TECHNOLOGY</b>					
ADDVANTAGE:	2.19	0.08			
ALCATEL LUCENT:	2.66	0.29			
AMDOCS:	27.24	0.49			
AMPHENOL:	41.79	0.75			
AOL:	12.76	0.58			
APPLE:	378.25	5.75			
ARRIS GROUP:	10.93	0.38			
AVID TECH:	8.21	0.55			
BIGBAND:	1.25	0.01			



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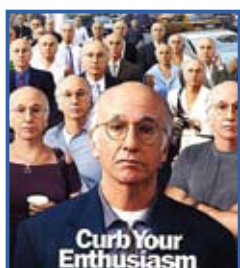
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## Think about that for a minute...

### AppleAmazon Neutrality

Commentary by Steve Effros

OK, I know, "AppleAmazon Neutrality" is as meaningless as "net neutrality." But that's the point. "Net Neutrality," or, as the FCC now likes to call it "Open Internet" does not really convey in any way what the proponents of new regulations relating to Internet delivery were seeking.

The FCC's net neutrality rules finally got published, and have already been challenged in Court. The "public interest" groups played an interesting game of filing separate suits in four different circuits, trying to increase the chances that a "lottery" among the circuits for which one gets the case will keep it away from the DC Circuit. We'll see if it works. The point is the FCC has formalized its plan to regulate how information gets delivered across the Internet.



The ostensible purpose for those regulations is to protect the "openness" of the Internet. But that, too, begs the question since there has been little if any opposition to a simple rule that said Internet service providers could not block any legal content their customers want to access. The ISPs haven't done that since they started, and there's no real reason to, since they make money by having the largest number of people, going to all sorts of different sites, use their delivery service.

Nope, that hasn't been the real argument for a long time. The real argument was, and still is, that an ISP could theoretically, through network delivery manipulation, "favor" its own content and businesses over those of others offering similar services over the Internet. Thus, the whole "network management" debate really has to do with what some argue is "unfair competition." There has been no evidence that current ISPs have done that in any systematic or intentional way.

Now comes Amazon, and before it, Apple. Both have

introduced devices that are specifically designed to work better with their own products and services. While customers may think they are being connected to the Internet, Amazon makes it clear that using their new "Kindle Fire" you will be connected to the "Amazon Cloud Service," and you can bet it will be much faster to get to Amazon's "store" site than it will anywhere else.

This is precisely the type of "favoritism" that was at the core of the entire debate over "net neutrality." But this time, we're not talking about multiple Internet service providers (cable or telco broadband, satellite, DSL). We're effectively talking about only two companies that have defined the new and burgeoning market of "tablet" computers. Most analysts say those "portable computers" will become the dominant way folks access the "net" in the future, along with their "smartphones."

So the fear that has fueled the "net neutrality" debate for years regarding "unfair advantage" is coming to pass. Well, at least "advantage." Not sure I would call it "unfair." It's competition. That's what it's all about. And that competition has now fostered two major innovations in "tablet" computing, both to some degree dependent, based on their business plans, on "favoring" their own products and services.

It has also fostered a raging competition, as I noted in a column last July regarding the Apple iPhone, looking at the "smartphone" market between Apple and Google's Android operating systems. Apple just "upped the ante" again on Tuesday. This is good. This is what's supposed to happen.

Will Apple or Amazon or Google reach a point where what they are doing is "unfair?" Maybe. We have laws for that. In the meantime, "AppleAmazon Neutrality" is as counterproductive a concept as "Net Neutrality" has always been.

Steve

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