

# CableFAX Daily™

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What the Industry Reads First

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## Starz Spinning: Standalone Starz to Get Tagline, Board and Maybe a Partner

Everything is on track for a **Starz** spin by the end of the year, and the programmer is raring to go. **Liberty** pres/CEO **Greg Maffei** confirmed the timing during Liberty's Investor Day Wed, with Starz CEO **Chris Albrecht** saying the media company is ready go out on its own. "We'll miss them. They're great owners... But instead of feeling left along, we feel really energized with this decision," he said. Of course, the speculation continues on how long Starz will stand alone. "I think everyone can use a big brother," Liberty chmn **John Malone** said in response to a question about Starz joining a bigger media company. "I think there are substantial synergies for Starz working together with various potential media partners. One of the opportunities that we're creating by separating it is for Chris and the board to explore other relationships. Unfortunately, other than financial synergies, Liberty really can't provide Starz with much in the way of operational synergies in this space in the US." Starz management will look much the same post-spin, but it will have a board of directors that includes **Derek Chang** (who is leaving **DirectTV** at year-end), **Live Nation's Irving Azoff**, **Gilt Groupe's Susan Lyne** and veteran media exec **Jeff Sagansky**. Along with the spin will come some new branding. Albrecht gave investors a sneak peek of marketing that will debut in Jan, along with the final season of "Spartacus." It bears the tagline, "Starz – Taking You Places." "That's what we intend to do and certainly hope you'll join us for the ride," he said. Starz made news earlier in the week with the launch of TVE offerings Starz Play and Encore Play on **Cox**, its 1st deal for the authenticated service. "The Starz technical team has done a tremendous job catching up to a market that has had a head start. These are complicated products that take a long time to develop," said Albrecht, pointing to groundwork his former employer **HBO** had laid in '05. "We are in implementation discussions with other distributors that represent an additional 56mln subscribers," he said, saying Cox represents 4mln subs. In addition to unveiling Starz's new tagline, Albrecht showed off the company's mission statement as it moves out of the Liberty house: "To be a leading global entertainment brand providing powerful and immersive experiences." Starz plans to follow through by expanding original programming in a cost efficient manner and exploiting "our valuable digital rights," all while continuing to generate profitable growth and high free cash flow conversion, he said.

**At the Portals:** **NAB** used its reply comments in the **FCC's** video competition review to once again argue that the retransmission consent process, including rules on network non-duplication and syndicated exclusivity, works just fine. Not only

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are disruptions rare, but the FCC has previously concluded it doesn't have the authority to implement changes such as interim carriage or arbitration, NAB said. It also rejects the argument by **ACA** and others that retrans negotiations involving more than 1 station are unfair and should be prevented or regulated. "Such negotiations create efficiencies and help level the playing field for broadcasters negotiating against MVPDs, especially those controlling high percentages of viewers in local markets," the trade group said in its filing Wed. ACA and some small and mid-sized operators, including Cox, have used the proceeding to argue against volume discounts. "In today's marketplace, only a very small number of MVPDs receive the largest volume discounts, and even companies like **Cox**, with nearly 5mln basic video subscribers, lack the leverage to obtain comparable deals," the MSO told the Commission. -- **Bloomberg** asked the **FCC** again to rethink its decision to stay part of its order requiring **Comcast** to move Bloomberg TV into news neighborhoods (**Cfax**, 9/17).

**Carriage: Pac-12** sealed another deal, with **SureWest** bringing the service to subs in Northern CA. The conference now has more than 40 affils on board (no **DirecTV** deal, yet). SureWest launched the Pac-12 Bay Area regional network in SD and HD, offering live sporting events including all football games, 150 men's basketball games and other specialty content. -- Thanks to recent packaging upgrades on **Comcast** and **RCN** systems across regions like NY, Chicago, Philly and DC, **Outdoor Channel** saw an increase of more than 1mln new subs in Sept, the biggest growth in the net's history. The net's on pace to grow by nearly 2mln subs for the full year.

**Privacy Patrol:** The **Digital Advertising Alliance's** statement that it doesn't require companies to honor Do Not Track signals fixed by browser manufacturers isn't sitting well with the House's Privacy Caucus co-chairs. The trade associations that lead DAA (4As, AAF, ANA, DMA, IAB and NAI) don't believe **Microsoft's** IE10 browser settings are "an appropriate standard for providing consumer choice." "Privacy is an issue that affects everyone, and the Digital Advertising Alliance's announcement made clear that it puts profits over privacy," co-chairs **Joe Barton** (R-TX) and **Ed Markey** (D-MA) said. "If consumers want to be tracked online, they should have to opt-in to be tracked, instead of the other way around. This is why we are disappointed to hear the Digital Advertising Alliance insist that it will not honor Microsoft's "Do Not Track" default and will not penalize companies that ignore it.

**Wall Street:** It's not a pretty picture when it comes to **Viacom's** operating outlook, according to **Bernstein Research** analysts. "MTV will almost certainly be down double-digits for FY13," they said in a report Wed. Viacom nets, which were off **DirecTV** for 9 days in July during a contract fight, saw 3Q ratings drop, according to **Nielsen** data. **Nick's** HH rating fell 22% in total day with total viewers off 23% at 1.66mln. "Nick may have bottomed, but that doesn't mean ratings or ad rev will get better," the report said. "We remain skeptical of a meaningful Nickelodeon comeback in terms of absolute ratings growth..." Long term, "we question affil fee growth given ratings and OTT promiscuity." The analysts estimated that to get a 10% affil fee growth in perpetuity requires renewals with 26% step-ups. The DirecTV renewal, of which the estimated step-up is more than 20%, might not be the "floor" for future deals, as it was "heavily influenced" by a big gap" between the DirecTV rate and Most Favored Nation clauses at other big distributors, the report said. "Continued ratings issues, as well as the widespread availability of OTT content, keep Viacom as the obvious target when MVPDs pick their battles."

**Technology: Sling Media** showed off 2 new redesigned Slingbox models, the Slingbox 500 and Slingbox 350. In addition to providing 1080p HD-quality, live streaming, the 500 introduces new features, including Wi-Fi and HDMI, as well as a platform for delivering personal content to the TV, a first for any Slingbox product.

**In the Courts: Voom's** counsel accused **DISH** of attempting to cause a mistrial so it could delay a verdict and attempt to gain further leverage over **AMC Nets** in their current carriage dispute, according to a report from **Susquehanna Financial Group's** **Thomas Claps**. In his note, Claps described NY State Supreme Court Judge **Richard Lowe** as "severely criticizing DISH for what he perceived as blatant misconduct and attempts to delay this trial." The trial began Sept 19. DISH appealed a ruling by Lowe to produce certain docs it had withheld at trial, but when DISH appeared before the Appellate Division on Mon, it failed to provide a copy of the documents thereby making it impossible for the Appellate Division to render an immediate decision, wrote Claps, who is attending the trial.

**Programming:** More "Dance Moms" for **Lifetime** as the net ordered a 3rd season of the reality series. 26 hour-long eps are on tap for next year. -- Call **Food Network** if you encounter Turkey Day disasters. The net will air a 2-hour, live show Nov 18 from 12-2pm. Food personalities like **Sunny Anderson** will join host **Alton Brown** in the kitchen to answer viewers'

# BUSINESS & FINANCE

questions and offer real-time remedies. There will also be time-saving tips and originals recipes to help keep home cooks cool in the kitchen.

**Marketing:** Are you ready for Zombies? If not, **Sportsman Channel's** got you covered with its "Zombie Preparedness Campaign" and prime-time special. Kicking off this week, the campaign—touting the tagline "Outlive the Dead"—runs through the month with vignettes running on-air, online and across social media, followed by the "Zombie Busters" primetime show Oct 29 at 10pm. Each video features a different piece of equipment or gear with instructions on how best to use to survive a zombie attack. The campaign signed up 9 national sponsors, which include **Gerber, Carl Zeiss Sports Optics** and **Birchwood Casey**.

**On the Circuit:** The 2nd annual **SCTE IP Challenge**, sponsored by **Cisco**, will feature competitors from companies like **Suddenlink, Time Warner Cable** and **Cable One**. Overall, some 120 SCTE members participated in the online qualifying rounds. Before a live audience, the finals will combine a fast-paced, "Jeopardy"-style question format, router and CMTS configuration and hands-on activities. Two engineers—*Jason Byrd* of Suddenlink and *Christopher Fox* of Time Warner Cable—earned trips to the finals for the 2nd straight year. Other finalists include: *Bradford Chatterjee*, Cable One; *Beau Guidry*, Time Warner Cable; and *Craig Littlefield*, Suddenlink.

## CableFAX Daily Stockwatch

Company	10/10 Close	1-Day Ch	Company	10/10 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	50.71	(0.31)	CONCURRENT:	4.90	(0.1)
DISH:	32.28	0.13	CONVERGYS:	15.84	0.15
DISNEY:	51.21	(0.3)	CSG SYSTEMS:	22.35	0.03
GE:	22.43	(0.19)	ECHOSTAR:	30.30	(0.41)
NEWS CORP:	24.72	(0.28)	GOOGLE:	744.56	0.47
<b>MSOS</b>					
CABLEVISION:	16.71	(0.07)	HARMONIC:	4.38	0.08
CHARTER:	75.98	(0.1)	INTEL:	21.76	(0.14)
COMCAST:	35.16	(0.16)	JDSU:	10.46	(0.14)
COMCAST SPCL:	34.28	(0.13)	LEVEL 3:	21.77	(0.24)
GCI:	9.88	(0.29)	MICROSOFT:	28.98	(0.3)
LIBERTY GLOBAL:	60.28	0.01	RENTRAK:	17.04	0.01
LIBERTY INT:	18.95	0.20	SEACHANGE:	8.27	UNCH
SHAW COMM:	20.63	(0.03)	SONY:	11.37	(0.14)
TIME WARNER CABLE:	97.50	0.22	SPRINT NEXTEL:	5.04	0.09
VIRGIN MEDIA:	30.16	0.12	TIVO:	9.85	(0.25)
WASH POST:	358.05	(1.6)	UNIVERSAL ELEC:	17.75	(0.26)
<b>PROGRAMMING</b>					
AMC NETWORKS:	41.37	(0.55)	VONAGE:	2.21	(0.04)
CBS:	34.61	(0.25)	YAHOO:	15.83	(0.02)
CROWN:	1.69	0.03	<b>TELCOS</b>		
DISCOVERY:	59.91	0.22	AT&T:	36.92	(0.22)
GRUPO TELEVISA:	23.44	(0.54)	VERIZON:	45.78	(0.33)
HSN:	48.16	(0.66)	<b>MARKET INDICES</b>		
INTERACTIVE CORP:	52.73	(0.3)	DOW:	13344.97	(128.56)
LIONSGATE:	15.26	(0.18)	NASDAQ:	3051.78	(13.24)
LODGENET:	0.69	0.01	S&P 500:	1432.56	(8.92)
NEW FRONTIER:	1.23	(0.02)	<b>TECHNOLOGY</b>		
OUTDOOR:	7.28	0.01	ADVANTAGE:	2.09	(0.01)
SCRIPPS INT:	63.11	(0.16)	ALCATEL LUCENT:	0.94	(0.01)
TIME WARNER:	45.34	(0.22)	AMDOCS:	32.21	(0.05)
VALUEVISION:	2.53	0.16	AMPHENOL:	58.35	(0.15)
VIACOM:	55.80	(0.97)	AOL:	35.49	(1.1)
WWE:	8.33	0.04	APPLE:	640.91	5.06
<b>MARKET INDICES</b>					
			ARRIS GROUP:	12.56	0.02
			AVID TECH:	9.30	(0.13)
			BLNDER TONGUE:	1.14	(0.02)
			BROADCOM:	32.92	(0.26)
			CISCO:	18.31	(0.49)
			CLEARWIRE:	1.30	UNCH

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## Think about that for a minute...

### The Rumble Stumble

Commentary by Steve Effros

As someone who has spoken up for, and explained the cable industry for many years, it hasn't always been fun trying to justify what happened when something goes wrong. And things have gone wrong, as we all know. Lots more has gone right, but that doesn't attract attention.

Well, it was hard to miss the angst and anger last weekend during and after "The Rumble in the Air Conditioned Auditorium" between Comedy Central's Jon Stewart and Fox's Bill O'Reilly when the \$4.95 live streaming feed of the event crashed. The outrage bubbled over. The disbelief at the "inadequacies" of those who had planned the event, the technology folks who prepared for it and the failures in customer service and response when



things suddenly went very wrong went viral. A column in Forbes.com quoted one very unhappy fan; "The web site was looking awfully fraud-y after taking my money then pretending it had never heard of me, then closing my customer service ticket without any resolution, then saying 'reply to this email if you need further assistance' but making it impossible to do so due to an undeliverable email address."

When things go wrong, they go terribly wrong. Maybe both Stewart and O'Reilly will remember that the next time they take a gratuitous shot at cable. This is not to excuse errors, or suggest that the anger and disappointment was not real, or appropriate. It's to reiterate that this stuff is simply not easy, and when something does go wrong it can result in lots of dominoes falling very rapidly. In an era when those disappointed can instantly jump on Facebook or start Tweeting, it's almost impossible to keep up with the cascading events. That's what happened in "The Rumble" streaming fiasco. The servers

just couldn't handle the load of last minute demand for a "live" feed. They crashed, as did the ordering programs, the email responses and all the rest.

Now, here's the good news, and it's pretty remarkable: throughout this episode of a live demonstration of why "Over The Top" video has a long way to go before the technology can really deliver to an audience as large as MVPDs service every hour of every day, there was virtually no suggestion that it was a failure of the local ISP that created the problem! The local cable/broadband supplier, for once, was not the instant target of abuse. The audience trying to see the Rumble, being of a certain demographic, already understood that this was a "server" issue, not an ISP issue. In reviewing lots of comments and columns about the stumble, I read virtually none that aimed in the wrong direction. That's something refreshingly new.

I have long advocated for "teaching the technology," or at least spending the time and effort to explain our technology and how it works (or, on occasion, doesn't) so that expectations can be reasonable when it comes to what we do. In this case the folks who put on "The Rumble" failed at that. They tried to do a "live" feed, something that they should have known would create an extraordinary surge in demand all at one time. Others have put on similar paid "on line" events, but not live, and they have worked just fine, servicing several hundred thousand viewers over time. We service millions, all at once. "Rumble" is now being offered on an archived basis, and I'm sure it will do fine, too. But the limitations of "OTT" technology were certainly, and accurately for once, on display.

*Steve*

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