

# CableFAX Daily™

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What the Industry Reads First

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## Positive Sign? AT&T Underperforms in Video and Internet

AT&T's 3Q results would seem to bode well for big cable's recent performance, a much needed positive that lends credence to industry claims of witnessing sub improvements during the summer. Although AT&T CFO *John Stephens* blamed tech upgrades and storms instead of competition for the telco's addition of just 176K net **U-verse TV** customers, the trending is clearly negative after AT&T welcomed 218K in 1Q and 202K in 2Q. Still, said Stephens, "sales remain strong" and a rebound is expected during the current quarter. **Sanford Bernstein's** *Craig Moffett* said U-verse TV "remains a source of growth" for AT&T, but noted disappointment in the platform as Wall St consensus called for 215K net adds. Where broadband's concerned, AT&T's story is twofold: the telco added an impressive 504K U-verse broadband customers, compared to 175K in 1Q and 439K in 2Q, yet lost a whopping 501K DSL. "With traditional DSL still outnumbering fiber-based broadband for the telcos by a 3:1 margin in the US," said Moffett, "the cable companies will continue to win the broadband wars." AT&T continues to believe its LTE network rollout will help stem the rising tide in non-U-verse markets, said Stephens, who nonetheless was high on "really encouraging wireline results." Mobility chief *Ralph de la Vega* expressed bullishness in the company's LTE tech—"it'll be a homerun right off the bat"—and said imminent launches in Boston and D.C. will help reach year-end coverage goals of 15 cities and 70mln POPs. AT&T's overall wireless results were a mixed bag, according to analysts, but suffice it to say consumers' migration to smartphones and mobile data isn't going away. Nearly 53% of AT&T's post-paid base is comprised of smartphones, and de la Vega foresees nearly 100% smartphone penetration within 2-3 years. "I don't see any way [customer data usage] will decline, he said. Of note: the telco delivered sequential growth in wireline business rev for the 1st time in 3 years, and its 1st quarter of broadband growth among small businesses in 2 years. "we are encouraged by smartphone adds [and] we view favorably that enterprise operations showed signs of stability, supporting growth in '12," said **S&P**, which maintained its 'strong buy' opinion on T shares.

**Deals:** Cisco agreed pay approx \$99mln in cash and retention-based incentives to acquire **BNI Video**, which offers

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The CableFAX Best of the Web Awards will also salute the cable executives behind the scenes who make these digital initiatives shine. The awards are presented by the most trusted information source in cable: CableFAX Daily and sister brand CableFAX: The Magazine. The winners and honorable mentions will be saluted during at an awards event in Spring 2012 in New York City.

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ops video back-office and CDN analytic capabilities and counts **Comcast** and **Time Warner Cable** as early investors. "Combining forces with Cisco presents an opportunity to take video service providers to the next level with Internet video," said TWC CTO *Mike LaJoie* in a release.

**Digital Hollywood Notebook:** **Avail-TVN** CSO *Doug Sylvester* cautioned cable ops and networks not to take their eyes off the TV Everywhere ball despite **Netflix's** recent woes and **Hulu's** decision to take itself off the block. "Now is not the time to be slowing down because they will come roaring back," he said at the Digital Hollywood conference in L.A. on Wed. *Tim Sale*, dir, technical sales at **thePlatform**, said authentication no longer hinges on technology but rather on business rules and how to present content. "It's all business," he said. "They're still trying to figure out what's acceptable to the consumer." -- Remember the digital home gateway? *Gary Brotman*, **Qualcomm** global market development marketing dir, insisted that streaming media adapters will eventually become prominent, with navigation capability embedded in a home-based router or gateway device. But **Rovi** Chief Evangelist *Richard Bullwinkle* said the rewiring process at customers' homes and labor costs would be impractical. "The iPhone taught us that [navigation] doesn't have to be unified," but rather that the process of interface log-in does. Citing Rovi research, he claimed that people are happy to go into Hulu, **Vudu** and Netflix separately with apps on their TVs. **CSR** (formerly **Zoran**) marketing vp *Anthony Simon* cautioned that gateway devices quickly outdate themselves. "Today's gateway solution is tomorrow's old box," so a lot of the intelligence will migrate to the cloud, he said. **Gracenote** pres *Stephen White* said the adapter device makes sense for now, but it's essentially a "TV 1.1 device."

**Cross-Platform Eyeballs:** An increasing number of people are watching video online, according to **Nielsen**, but that doesn't mean cord cutting is following suit. 48% of Americans viewed video online as of 2Q, compared to 10% for mobile and 97% for TV, and the practice remains dominated by 18-24s and 25-34s—although the 2 demos combined to watch just approx 95 min of online video a week from Apr-June. Homes with pay TV and broadband, meanwhile, grew 7% YOY in the quarter, with 72% of US homes now taking both services. Still, Nielsen said broadcast-only/broadband homes are on the rise. [For more info see pg. 4].

**At the Portals:** **The Coalition for Free TV and Broadband** has a message for Congress and the **FCC**: Get the spec out! As in, get spectrum auctions out of the National Broadband Plan. The group, primarily made up of low-power TV stations, is instead calling for eliminating regulations to make it easy for broadcasters to integrate with mobile devices. The Coalition argues that vast amounts of mobile data demand could be offloaded from the wireless networks and that revenue generated from ancillary data services could generate more money than 1-time spectrum auctions—more than \$60bln in new rev in the first 15 years. -- Don't lump IP cable services into the same category as online video programming distributors that are subject to new IP closed captioning obligations. That's the plea in comments filed Tues at the **FCC** from **ACA**, which notes that cable operators using IP already have captioning obligations imposed on them. "The FCC must be careful to avoid disrupting the current successful captioning framework by creating duplicative and potentially conflicting obligations on cable operators using IP to deliver their services," ACA pres/CEO *Matt Polka* said.

**Online:** **Weather Channel** debuted a redesign of its popular, free iPad app—worth noting as the app is the all-time most popular behind only iBooks. The revamp, based on customer feedback, includes an interactive 3D globe with spinning map view, integrated news and social tab, HD-quality video and more. Westin Hotels & Resorts is the launch sponsor for the app.

**Ratings:** **ION TV's** network premiere of "Flashpoint" earned 1.3mln total viewers, 949K homes and 589K 18-49s.

**Programming:** **Time Warner Cable** debuted its African-American original talk show, "Born to Shine" via On Demand Thurs. Guests include *Ne-Yo*, *Robert Townsend* and actress *Tatyana Ali*. We profiled the series' hosts in Aug after they were selected in a nationwide contest. Catch up at [http://www.cablefax.com/cfp/cfp/just\\_in/47612.html](http://www.cablefax.com/cfp/cfp/just_in/47612.html). -- **Spike** was named the official ent TV partner of '12 Intl **CES** (Jan), a gig calling for live coverage from the confab. The net will also intro "CES All Access Live," featuring more than 12 hours of coverage across multiple platforms including mobile phones, Spike.com, GameTrailers.com and Facebook.com. -- **Tennis Channel** will devote more than 35 hours of live coverage

# BUSINESS & FINANCE

to the women's season-ending tennis championship next week. The week long TEB BNP Paribas WTA Championships will take place in Istanbul, Turkey. -- **Music Choice**, a premiere VOD network posted record breaking numbers for music video views with 389mln + videos watched over the summer. The previous record was 335mln views (summer 2010). -- "Prayer for a Perfect Season" kicks off Oct 25 on **HBO**. The basketball doc follows the journey of NJ's St. Patrick High School striving for an undefeated season. -- "One Born Every Minute" returns to **Lifetime** for a 2nd season. The doc on child birth resumes Nov 29, 10pm.

**On the Circuit:** How well do you know your Internet Protocol technologies and IPv6? Reps from **Buckeye, Charter, Comcast, Niagara Community TV, Novadatacom, Suddenlink** and **Time Warner Cable** will be put to the test in a Jeopardy-style IP-Challenge at **SCTE Cable-Tec Expo**, Nov 17, 4-7pm, Atlanta. The final will include questions as well as hands on activities.

**Honors:** Southern CA was selected as **NAMIC's** Chapter of the Year. Award winners are selected for superior achievements that advance the association's mission and vision.

**Business/Finance:** **Time Warner Cable's** board declared a quarterly dividend of 48 cents/share, payable in cash Dec 15 to shareholders of record at COB Nov 30.

## CableFAX Daily Stockwatch

| Company                      | 10/20 Close | 1-Day Ch | Company               | 10/20 Close | 1-Day Ch |
|------------------------------|-------------|----------|-----------------------|-------------|----------|
| <b>BROADCASTERS/DBS/MMDS</b> |             |          |                       |             |          |
| DIRECTV:                     | 45.98       | (0.24)   | BLNDER TONGUE:        | 1.30        | (0.05)   |
| DISH:                        | 25.48       | (0.12)   | BROADCOM:             | 36.37       | (1.05)   |
| DISNEY:                      | 33.84       | 0.23     | CISCO:                | 17.19       | 0.03     |
| GE:                          | 16.63       | 0.11     | CLEARWIRE:            | 1.57        | 0.18     |
| NEWS CORP:                   | 17.05       | 0.15     | CONCURRENT:           | 4.47        | (0.18)   |
| <b>MSOS</b>                  |             |          |                       |             |          |
| CABLEVISION:                 | 16.96       | (0.35)   | CONVERGYS:            | 10.11       | UNCH     |
| CHARTER:                     | 49.00       | 0.22     | CSG SYSTEMS:          | 13.35       | (0.41)   |
| COMCAST:                     | 23.57       | 0.03     | ECHOSTAR:             | 24.85       | 0.20     |
| COMCAST SPCL:                | 23.23       | (0.01)   | GOOGLE:               | 583.67      | 2.97     |
| GCI:                         | 9.06        | 0.06     | HARMONIC:             | 4.44        | (0.02)   |
| KNOWLOGY:                    | 13.47       | (0.18)   | INTEL:                | 23.61       | (0.63)   |
| LIBERTY CAPITAL:             | 73.64       | (0.05)   | JDSU:                 | 10.33       | 0.06     |
| LIBERTY GLOBAL:              | 39.65       | (0.23)   | LEVEL 3:              | 23.10       | 21.55    |
| LIBERTY INT:                 | 15.03       | (0.09)   | MICROSOFT:            | 27.04       | (0.09)   |
| SHAW COMM:                   | 20.25       | (0.45)   | MOTOROLA MOBILITY:    | 38.80       | 0.09     |
| TIME WARNER CABLE:           | 69.79       | 0.70     | RENTRAK:              | 13.48       | 0.13     |
| VIRGIN MEDIA:                | 26.31       | (0.43)   | SEACHANGE:            | 7.85        | (0.05)   |
| WASH POST:                   | 337.18      | 0.41     | SONY:                 | 20.23       | (0.01)   |
| <b>PROGRAMMING</b>           |             |          |                       |             |          |
| AMC NETWORKS:                | 33.69       | (0.37)   | SPRINT NEXTEL:        | 2.71        | (0.09)   |
| CBS:                         | 24.06       | 0.73     | THOMAS & BETTS:       | 46.49       | 2.83     |
| CROWN:                       | 1.47        | UNCH     | TIVO:                 | 9.77        | (0.45)   |
| DISCOVERY:                   | 41.06       | (0.01)   | UNIVERSAL ELEC:       | 18.48       | (0.14)   |
| GRUPO TELEVISA:              | 20.08       | 0.44     | VONAGE:               | 2.91        | 0.06     |
| HSN:                         | 35.23       | 0.28     | YAHOO:                | 16.18       | 0.24     |
| INTERACTIVE CORP:            | 40.53       | (0.36)   | <b>TELCONS</b>        |             |          |
| LIBERTY STARZ:               | 65.50       | 0.71     | AT&T:                 | 28.99       | (0.1)    |
| LIONSGATE:                   | 7.17        | 0.16     | VERIZON:              | 37.10       | 0.05     |
| LODGENET:                    | 1.92        | (0.06)   | <b>MARKET INDICES</b> |             |          |
| NEW FRONTIER:                | 1.10        | (0.05)   | DOW:                  | 11541.78    | 37.16    |
| OUTDOOR:                     | 6.55        | (0.1)    | NASDAQ:               | 2598.62     | (5.42)   |
| SCRIPPS INT:                 | 40.78       | 0.24     | S&P 500:              | 1215.39     | 5.51     |
| TIME WARNER:                 | 33.58       | 0.13     |                       |             |          |
| VALUEVISION:                 | 2.96        | (0.02)   |                       |             |          |
| VIACOM:                      | 51.43       | 0.21     |                       |             |          |
| WWE:                         | 9.93        | (0.11)   |                       |             |          |
| <b>TECHNOLOGY</b>            |             |          |                       |             |          |
| ADVANTAGE:                   | 2.15        | 0.05     |                       |             |          |
| ALCATEL LUCENT:              | 2.69        | 0.11     |                       |             |          |
| AMDOCS:                      | 29.67       | 0.05     |                       |             |          |
| AMPHENOL:                    | 42.19       | 0.29     |                       |             |          |
| AOL:                         | 14.27       | 0.19     |                       |             |          |
| APPLE:                       | 395.31      | (3.31)   |                       |             |          |
| ARRIS GROUP:                 | 11.08       | 0.10     |                       |             |          |
| AVID TECH:                   | 7.15        | (0.25)   |                       |             |          |
| BIGBAND:                     | 2.24        | UNCH     |                       |             |          |

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**PROGRAMMER'S PAGE** with Chad Heiges and Seth Arenstein

**Lack of Productivity Report**

A trove of interesting yet disturbing data lies within Nielsen's recent cross-platform viewership report. In 2Q for instance, Hispanics (~127) and Asians (~97) watched notably fewer hours/month of TV than either whites (~142) or African-Americans (~242), while they also viewed much more Internet content. Asians (~6.5) and African-Americans (~5.5), meanwhile, easily led in monthly mobile video viewing compared to whites (~3.5) and Hispanics (~4). The last habit I don't understand—and I have a smartphone and good eyesight! Yet mobile video viewing is off the charts, having increased 36.2% YOY in 2Q and approx 5% sequentially. Comparatively, overall mobile phone use rose just 0.9% YOY, and growth for in-home TV (0.6%), time-shifted (12.9%) and Web video (2.6%) viewing all lagged well behind mobile video, too. Perhaps a psychologist could help explain the next data set. Why do men 2-17, 18-49 and 50+ all watch less TV than their female counterparts, with the greatest disparity among the 50+ set? Well, it seems men are busy watching video both online and via mobile devices instead. Males 2+ watched an avg of just over 5 hours/month of Web video in 2Q and nearly 4.5 hours of mobile, easily outpacing females' respective tallies of nearly 4 hours and approx 3.5. Men 18-49 also watched close to 2 hours more/month of online video than women 18-49, and men 50+ watched approx 24 fewer hours of traditional TV than age group females. Either way, that Americans 50+ would avg more than 6 hours/day of TV watching is absolutely absurd, rampant retirement or not. More disturbing, though, is the approx 3.5 hours/day avg affixed to kids 2-17. Get outside, read a book, do some homework, would ya? Monkey see, monkey do. CH

**Highlights:** "Miss Re presentation," Thurs, 9p, **OWN**. This entry in Oprah's "Documentary Club" whacks at the objectification of women by media, which leads to low self-esteem, poor body image, depression and eating disorders. But there also are political consequences. First-time filmmaker *Jennifer Siebel Newsom* bolsters her case with trenchant statistics. -- "The Real Rocky," Tues, 8pET, **ESPN/ESPN HD**. It's hard to believe ESPN could continue to find more top-notch films to heap upon its excellent "30 for 30" series. It does with this Cinderella story about a salesman who lasted 15 rounds with *Ali*. Sounds like "Rocky"? Yep. SA

**Worth a Look:** "Boss," premiere, Fri, 10p, **Starz**. There's a lot we like about this drama centering on Chicago's mayor, particularly *Kelsey Grammer* as the protagonist. Is he corrupt? Well, it's Chicago politics, right? Actually everyone's dirty, or having illicit sex or watching others. -- "The Super," Mon, 9p ET, **HDNet**. This docu-series about an Omaha landlord runs during HDNet's "Tough Guy Mondays," but it's misplaced. After watching the landlord—who seems lenient—deal with squatters and delinquent renters, it's apparent this series really is an examination of poverty. -- "Rocket City Rednecks," Wed, 9p, **Nat Geo**. This crew of good ole' boy rocketeers makes physics fun, building and launching home-made rockets. In between there's joking, singing and drinking. SA

| Basic Cable Rankings<br>(10/10/11-10/16/11) |      |     |      |
|---|------|-----|------|
| Mon-Sun Prime                               |      |     |      |
| 1   | TBSC | 2.8 | 2749 |
| 2   | ESPN | 2.4 | 2402 |
| 3   | USA  | 2.1 | 2112 |
| 4   | DSNY | 2   | 2020 |
| 5   | FOXN | 1.6 | 1521 |
| 6   | HIST | 1.2 | 1202 |
| 7   | AMC  | 1.1 | 1099 |
| 7   | FX   | 1.1 | 1089 |
| 9   | A&E  | 1   | 999  |
| 9   | ADSM | 1   | 996  |
| 9   | TNT  | 1   | 956  |
| 9   | DSE  | 1   | 70   |
| 13  | SYFY | 0.9 | 854  |
| 13  | EN   | 0.9 | 849  |
| 13  | MTV  | 0.9 | 845  |
| 13  | HGTV | 0.9 | 839  |
| 13  | BET  | 0.9 | 815  |
| 18  | FOOD | 0.8 | 823  |
| 18  | NAN  | 0.8 | 816  |
| 18  | LIFE | 0.8 | 784  |
| 18  | FAM  | 0.8 | 764  |
| 18  | TLC  | 0.8 | 747  |
| 18  | CMDY | 0.8 | 745  |
| 18  | NKJR | 0.8 | 586  |
| 25  | BRAV | 0.7 | 671  |
| 25  | TRU  | 0.7 | 670  |
| 27  | DISC | 0.6 | 622  |
| 27  | MSNB | 0.6 | 545  |
| 29  | SPK  | 0.5 | 508  |
| 29  | ESP2 | 0.5 | 507  |
| 29  | TVLD | 0.5 | 475  |
| 29  | HALL | 0.5 | 434  |
| 29  | LMN  | 0.5 | 415  |
| 29  | ID   | 0.5 | 359  |
| 35  | APL  | 0.4 | 404  |
| 35  | VH1  | 0.4 | 379  |
| 35  | CNN  | 0.4 | 372  |
| 35  | NGC  | 0.4 | 304  |
| 35  | NKTN | 0.4 | 212  |
| 40  | HLN  | 0.3 | 335  |
| 40  | TRAV | 0.3 | 290  |
| 40  | DXD  | 0.3 | 271  |
| 40  | OXYG | 0.3 | 243  |
| 40  | GSN  | 0.3 | 236  |
| 40  | CMT  | 0.3 | 232  |
| 40  | OWN  | 0.3 | 206  |

\*Nielsen data supplied by ABC/Disney

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