

CableFAX Daily™

Friday — November 9, 2012

What the Industry Reads First

Volume 23 / No. 218

RSN Model: TWC's Witmer Says It's Changing, Not Broken

The decision-making process before choosing to carry a network—like, say, **Time Warner Cable SportsNet**—is far more complex than it was just 24 months ago, distribution heavy hitters said Thurs at the **Covington & Burling Sports Media & Technology** presented by *SportsBusiness Daily/GlobalJournal*. “In the case of the Lakers, in the case of all the deals we’re looking at, we take a much harder look at the choices we’re making,” said **AT&T** content & ad sales pres *Jeff Weber*. It used to be about just taking the content, but now viewership, usage and, most importantly, intensity of viewership influences whether a distributor picks up a network—or decides to stop carrying one. Ratings especially matter when they’re attached to fans who will leave you if you don’t have the product, said *Melinda Witmer*, **Time Warner Cable**’s evp & chief video and content officer. No surprise that she took the defensive on comments **DirecTV**’s *Mike White* made recently, deeming as “broken” the RSN structure. “The system’s broken, and it’s a mess when it’s not their product,” she quipped, declaring that **DirecTV**-owned **Root Sports** costs more than what TWC is asking for Time Warner Cable SportsNet. **DirecTV** and **DISH** are still without deals for the Lakers RSNs, while **AT&T**, **TWC**, **Cox**, **Verizon**, **Charter** and **Bright House** are carrying it. But with video subs declining, the overall ecosystem is challenged, at the very least. “Can the revenue continue to go up and margins continue to shrink? At some point that stops working,” Weber said. “Sports rights are on the front lines. Things will need to be different... The trends aren’t sustainable.” However, the multichannel business is still a “shockingly successful product,” Witmer said. “Broken isn’t really the right phrase. Things are changing.” Part of that change may mean developing programming online prior to coming to linear TV. “You don’t have to get to cable to start a business,” she said, suggesting that first building an audience online makes more sense. Indeed, some channels on cable are an “inefficient buy” and “may well do better in an online environment.” (Networks with contracts expiring with TWC soon should re-read that last sentence again!) The process might help the big guys, too. “It’s a big opportunity for major media companies to create their own start-up labs that way,” she said. In the meantime, networks will continue to bid on sports rights—and perhaps some distributors will follow in TWC’s footsteps and cut out the middleman. **AT&T** bid on the Lakers, Witmer reminded Weber, to which he replied: “We stopped when it got crazy.” To stay in the game, the middleman has to create value, said **Fox Nets** distri-

Deadline:
December 12, 2012



CableFAX's
Best of Web Awards
Social Media > Mobile > Beyond

Enter At: www.Cablefax.com/BOW12

CableFAX's *Best of the Web Awards* is the industry's top honor in the digital space, recognizing outstanding websites and digital initiatives among cable programmers, operators, industry partners. The CableFAX Best of the Web Awards will also salute the cable executives behind the scenes who make these digital initiatives shine.

Questions: Mary-Lou French at 301-354-1851; mfrench@accessintel.com Sponsorships: Amy Abbey at 301-354-1629; aabbey@accessintel.com

21256

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, 323.380.6263, mgrebb@accessintel.com ● Editor: Joyce Wang, 301.354.1828, jwang@accessintel.com ● Community Editor: Kaylee Hultgren, 212.621.4200, khultgren@accessintel.com ● Advisor: Seth Arenstein ● Group Publisher, MediaEntertainment: Denise O'Connor ● Assoc Publisher: Amy Abbey, 301.354.1629, aabbey@accessintel.com ● Sales Mgr, Susan, Kim, 301.354.2010, skim@accessintel.com ● Marketing Dir: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Sr Marketing Manager: Shannon Nelligan, 301.354.1619, snelligan@accessintel.com ● Prod: Joann Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group ● Subs/Client Svcs: 301.354.2101 ● Group Subs: Amy Russell, 301.354.1599, arussell@accessintel.com

bution pres *Michael Hopkins*. That may mean “providing distribution for teams that perhaps can’t do it” or offering scale to the leagues, he said. TWC doesn’t expect to buy every set of rights it can get its hands on, but it “would certainly consider opportunities,” Witmer said. The Lakers were a necessity. “No matter who had the rights, we were going to buy it,” she said, and the purchase has allowed the MSO to “have greater control over our destiny.”

Sports Media Notebook: The deal with **ESPN, Fox** and **TBS** may be done, but negotiations are far from over for **MLB**. MLB business evp *Tim Brosnan* hinted that as affiliate agreements come up for negotiation, compensation for **MLB Network** will be an issue on the table. “We have over-delivered and then some,” so the next question is how much the network should get paid, he said. “Hopefully it can get done without a lot of heat and light.” As for what we can expect, he added, “you’re going to see us do some things to get leverage in the marketplace.” The “Extra Innings” package, for one, is a “real piece of leverage.” Both broadcast and online are equally “robust,” he said, and MLB is considering “perhaps combining those packages and us[ing] that as a lever to help drive distribution for the network.” -- As for assigning value to TV Everywhere, the point is moot, according to co-pres & COO, **Fox Sports Media Group** *Eric Shanks*. “It’s just part of the portfolio of what you’re buying or selling,” he said. When you shell out money for deals, “you end up talking about one big number... Everyone knows it’s one big pile of money.” **ESPN’s** *John Skipper* said as much the day prior: “Long ago we said we’re not going to break it out. We’ll pay a sum of money... It’s not a menu. We’re paying the one price.” -- On **Fox Soccer** losing the rights bid for the English Premier League, Shanks called it a “huge bummer... We fought hard to try and keep it.” The net continues to be a big believer in soccer and remains “as committed as ever,” continuing to televise properties like the Champions League, the World Cup and the FA Cup. It’s a darn shame, though—for one, the net had gotten its affiliates “over the hump,” he said. Come the end of the 3-year deal with **NBCU**, will Fox consider bidding again? “If we have an opportunity to grab them again, we’d have them back before the first World Cup happens.” For the moment, “we just don’t have as much on Saturday and Sunday mornings.”

At the Portals: **Charter** has filed a request for a 2-year waiver of the **FCC’s** set-top integration ban, saying it needs to be able to lease to subs integrated set-tops that also support downloadable security as it completes its transition to an all-digital network that relies on downloadable security. The MSO plans to deploy boxes with a chip that would eventually be used for non-integrated downloadable security (like the FCC rules require) and would be used for traditional integrated security during a 2-year transitional period. The set-top integration ban went into effect July 1, 2007, preventing cable ops from deploying boxes without separable security (such as CableCARDs). In making the request, Charter said it has already deployed 2.75mIn CableCARD set-top boxes and noted a similar waiver was previously granted to **Cablevision**. Comments and oppositions to Charter’s request are due Nov 30 (Docket 12-328). Replies are due Dec 10.

Minorities in Media: Hopefully the **FCC** can act on spectrum incentive auctions sooner rather than later and implement the first auction by ’14, as the **Minority Media and Telecommunications Council** has suggested, commish *Ajit Pai* said at MMTC’s policy committee meeting Thurs. It will be the first such auction ever attempted anywhere in the world. Pai proposed 4 basic principles to guide the auction: stay faithful to statutes; ensure it’s fair to all stakeholders; keep it as simple as possible and finally “act within a certain timeframe.” Meanwhile, access to capital is the #1 barrier to improving minority media ownership, said *Erin Dozier*, svp, **NAB**. She noted proposals to adopt a waiver type program at the FCC to give broadcasters incentives to finance small, minority- and women-owned businesses. Another good place to start is the minority tax certificate program, of which the cable industry supports a revival, said **NCTA** evp *James Assey*. At the end of the day, “we need to sit back and analyze what’s working and what can be done better,” he said.

In the Courts: The US District Court for the Central District of CA on Wed rejected **Fox Broadcasting’s** request for a preliminary injunction that would stop **DISH** subs from using the ad skipping service AutoHop. Fox said it intends to appeal that portion of the decision but is “gratified the court found the copies DISH makes for its AutoHop service constitute copyright infringement and breach the parties’ contract.” Judge *Dolly Gee* also rejected Fox’s request for an injunction for PrimeTime Anytime, which lets users easily record primetime shows on the 4 Big Broadcasters and save them for up to 8 days. The AutoHop feature lets them playback certain PrimeTime Anytime recordings commercial free, starting the day after the broadcast. The ruling is under seal now, so reports of what it says are coming from both companies. DISH said the judge did find that copies of Fox programs that DISH makes as part of its “quality assurance” of AutoHop’s functionality likely violate the RTC between DISH and Fox, and likely violate Fox’s exclusive reproduction right under federal copy-

right laws, but Fox has not established that it has suffered irreparable harm as a result. Whatever the language, the bottom line is that for now customers can continue using the Hopper and all its features. There's no trial date yet in Fox's lawsuit against DISH. -- **Tennis Channel, Bloomberg** and the **FCC** have asked the US Court of Appeals in DC to deny **Comcast's** appeal of an FCC ruling that found the MSO had discriminated against Tennis in favor of its own **Golf** and **NBC Sports Net** (formerly Versus). "Comcast's channel lineup shows a pattern of discrimination," Tennis wrote in its intervenor brief, saying no nationally distributed network affiliated with Comcast is carried exclusively on its sports tier. Bloomberg won a partial FCC victory against Comcast earlier this year regarding neighborhooding. The rest of the neighborhooding issues raised by Bloomberg are pending review by the full FCC.

Programmer Earnings: **AMC Nets'** dispute with **DISH** contributed to its net income drop of 8% in 3Q to \$36.6mln, with DISH dropping all the AMC channels as of July 1. In mid-Oct, the parties reached a \$700mln agreement to settle the **Voom** litigation, and the 4 national channels were returned to DISH. The spat negatively impacted affiliate and ad revenues, and created incremental marketing and litigation costs. CEO *Josh Sapan* said the aggregate impact was "quite significant." "If not for the dispute with DISH, we would have reported double-digit growth in both AOCF and operating income," Sapan told analysts Thurs. Revenue grew to \$332.1mln from \$283.9mln. Despite the DISH drag, financials topped analyst estimates, sending the stock up 8.5% at Thurs' close. -- **Disney's** cable nets saw operating income increase \$118mln to \$1.4bln in 4Q because of growth at **ESPN**, higher equity income at **AETN** and improvement at **ABC Family**, which was partially offset by lower operating income at the domestic Disney Channels. Disney, which reported after the closing bell, saw overall net income rise 14% to \$1.24bln on revenue of \$10.78bln.

Sandy Recovery: The same group that produced the historic and moving 9/11 benefit "The Concert for New York City" will come together again to present "12-12-12" (A Concert for Sandy Relief). Organizers **Clear Channel Media, Madison Square Garden Co** and **The Weinstein Company** said all money will be administered directly to those who need it most through the **Robin Hood Relief Fund**. It will be held Dec 12 at Madison Square Garden in NY. More details, including the artist lineup and ticket info, will be released in the coming days. The event's producers, Madison Square Garden Co exec chmn *Jim Dolan*, Clear Channel pres *John Sykes* and Weinstein co-founder/chmn *Harvey Weinstein*, said: "We have no doubt that the event we are planning will be filled with unforgettable music, entertainment and that uniquely American spirit of community, compassion and generosity." -- Hurricane Sandy has meant more than running on back-up power and restoring services at **Verizon**. Because of the resources diverted to recovery, Verizon expects **FiOS** uptake to be slower than expected in Q4, CFO *Fran Shammo* said at the **Wells Fargo** investor conference Thurs. "Given where we are with Sandy, obviously our entire workforce is dedicated to restoration activity, so the net adds of FiOS will suffer." No specifics were given but the net adds are expected to be less than the previously projected 150K to 170K range. However, it's too early to project the cost of Sandy, he said.

Programming: "The Big C": will wrap its 3-season run on **Showtime** with a 4-part limited event series designed to bring the story to its conclusion, dubbed "The Big C: Hereafter." Each ep will be expanded to an hour from the usual 30 mins. No date yet for its debut.

Marketing: To promote Season 3 of "Portlandia," **IFC** has launched the "Portlandia Co-op" on IFC.com—rewarding fans for social media posts about all things Portlandia. Co-op members can apply to take over the show's **Twitter** handle, post art inspired by the series or get crafty with handmade Portlandia-themed items. Coffee cozies are in high demand, with IFC pledging to buy to 20 from each crafter to distribute in coffee shops in NY, Portland, Austin and Minneapolis. Season 3 bows Jan 4 at 10pm; a pre-season ep is slated for Dec 14, 10:30pm.

Honors: Some familiar faces mingled at **NAMIC Mid-Atlantic's** reception Wed honoring **FCC** commish *Mignon Clyburn*, the chapter's Annual Diversity Champion Award. In the crowd was Clyburn's father, Rep *Jim Clyburn* (D-SC) and former FCC commish *Michael Copps*, now senior adviser for **Common Cause's** Media and Democracy Reform Initiative. Nice event at D.C.'s Newseum, featuring food catered by *Wolfgang Puck's* restaurant and divine green cosmos (the green represents NAMIC's color). Check out **CableFAX.com** for Clyburn and Copps' take on moving diversity forward post-election.

On the Circuit: **WICT** will hold its 1st intl event in London on Nov 12. The **Discovery Comm**-sponsored event marks the debut of WICT's first international chapter. "Thanks to advancements in technology, we are better equipped than ever to grow our footprint and help create training programs and networking opportunities on a global scale," said WICT pres/CEO *Maria Brennan*.

People: *Kevin Bennett* was elevated to gm, **ID**. He retains his responsibilities as svp, programming and research for ID, **Destination America** and **Military Channel** and reports to *Henry Schleiff*, pres/gm of ID, Destination

BUSINESS & FINANCE

America and Military. *Jane Latman* was upped to svp, development at ID, reporting to Bennett. -- Former **Weather Channel** exec *Pam Bertino* was named vp, national accounts and content distribution at **Ovation**, reporting to content distribution evp *Brad Samuels*. -- IP-based, multiscreen video solutions provider **Clearleap** hired former **Yahoo!** exec *David Mowrey* as vp, product mgmt. -- Two promotions at **Turner**: *Lisa Hyams* was named svp, network partnerships for US network operations and *Michael Luzzi* was named svp, technology and ops for US network ops.

Business/Finance: Mediacom Broadband LLC posted 3Q rev of \$223.9mln, a 1.6% increase from a year ago. OIBDA climbed 2.3% to \$85.3mln, while free cash flow fell to \$9.4mln from \$13.6mln. The Mediacom Comm subsidiary saw a decline of 8K PSUs, better than the 23K loss in 3Q11. Subsidiary **Mediacom LLC's** rev was flat at \$170.6mln, while OIBDA declined 1.4% to \$68.2mln and FCF dropped to \$14.8mln from \$19.3mln. PSUs declined by 1K vs an 18K decline in the prior year period.

Editor's Note: Learn how to supercharge your VOD efforts from the experts themselves at our Nov 15 Webinar, which will focus on tactics, strategies and technologies that will drive the business in '13 and beyond. More info at www.cablefax.com.

CableFAX Daily Stockwatch

Company	11/08 Close	1-Day Ch	Company	11/08 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	49.33	(0.16)	BROADCOM:	30.62	(0.33)
DISH:	35.47	0.36	CISCO:	16.83	(0.38)
DISNEY:	50.04	(0.04)	CLEARWIRE:	2.21	0.09
GE:	20.89	(0.24)	CONCURRENT:	4.94	(0.08)
NEWS CORP:	24.75	(0.23)	CONVERGYS:	16.23	(0.13)
MSOS					
CABLEVISION:	14.67	(0.31)	CSG SYSTEMS:	18.95	(0.24)
CHARTER:	68.26	(1.21)	ECHOSTAR:	32.09	(0.75)
COMCAST:	36.20	(0.38)	GOOGLE:	652.29	(14.83)
COMCAST SPCL:	35.20	(0.3)	HARMONIC:	4.19	(0.05)
GCI:	8.18	0.12	INTEL:	20.83	(0.08)
LIBERTY GLOBAL:	58.02	0.33	JDSU:	11.06	(0.09)
LIBERTY INT:	19.83	(0.21)	LEVEL 3:	19.28	(0.17)
MEDIACOM:	8.84	UNCH	MICROSOFT:	28.81	(0.27)
SHAW COMM:	21.52	(0.01)	RENTRAK:	17.05	(0.32)
TIME WARNER CABLE:	93.02	(0.23)	SEACHANGE:	8.88	(0.23)
VIRGIN MEDIA:	31.76	(0.26)	SONY:	10.90	(0.28)
WASH POST:	339.44	1.28	SPRINT NEXTEL:	5.61	(0.01)
PROGRAMMING					
AMC NETWORKS:	52.57	4.13	TIVO:	10.07	(0.11)
CBS:	34.36	0.36	TOLLGRADE:	10.08	UNCH
CROWN:	1.67	(0.04)	UNIVERSAL ELEC:	15.15	(0.31)
DISCOVERY:	55.61	(1.18)	VONAGE:	2.28	UNCH
GRUPO TELEVISIA:	22.58	(0.19)	YAHOO:	17.24	(0.15)
HSN:	51.27	0.47	TELICOS		
INTERACTIVE CORP:	42.98	(1.26)	AT&T:	33.20	(0.44)
LIBERTY STARZ:	66.84	UNCH	QWEST:	6.83	UNCH
LIONSGATE:	14.60	(0.48)	VERIZON:	42.61	(0.58)
LODGENET:	0.36	(0.02)	MARKET INDICES		
NEW FRONTIER:	2.02	0.01	DOW:	12811.32	(121.41)
OUTDOOR:	7.33	0.05	NASDAQ:	2895.58	(41.71)
PLAYBOY:	6.22	UNCH	S&P 500:	1377.51	(17.02)
SCRIPPS INT:	59.84	0.13	TECHNOLOGY		
TIME WARNER:	44.13	(0.78)	ADVANTAGE:	2.01	(0.01)
VALUEVISION:	2.25	0.01	ALCATEL LUCENT:	1.10	0.10
VIACOM:	49.99	(0.85)	AMDOCS:	33.10	(0.42)
WWE:	8.00	(0.03)	AMPHENOL:	60.35	(0.55)
TECHNOLOGY					
ADDVANTAGE:	2.01	(0.01)	AOL:	39.04	(1.03)
ALCATEL LUCENT:	1.10	0.10	APPLE:	537.75	(20.25)
AMDOCS:	33.10	(0.42)	ARRIS GROUP:	13.97	(0.24)
AMPHENOL:	60.35	(0.55)	AVID TECH:	6.14	(0.01)
AOL:	39.04	(1.03)	BLNDER TONGUE:	1.02	(0.04)
APPLE:	537.75	(20.25)			
ARRIS GROUP:	13.97	(0.24)			
AVID TECH:	6.14	(0.01)			
BLNDER TONGUE:	1.02	(0.04)			

WICT and the Stanford Graduate School of Business

have partnered to launch the WICT Senior Executive Summit, combining the excellence of Stanford's top-rated business school with the power of WICT's leadership development programs.

WICT wants to ensure women in cable not only reach the top, but stay there.

Debuting March 10-14, 2013



Women in Cable Telecommunications™

STANFORD
GRADUATE
SCHOOL OF
BUSINESS

Executive Education

For more information, go to www.wictSES.org

PROGRAMMER'S PAGE

Red and Blue...

While *President Obama* won both the electoral and popular vote Tues, cable programmers may want to remember one important fact: The election was close. Very close. Closer than the electoral college would indicate. And that means we still live in a roughly 50-50 divided country with different opinions, sensibilities and tastes. Check out the county-by-county map that divides red and blue, and it's obvious that the non-Southern population centers went for Obama while the rural areas broke decisively for *Mitt Romney*. Much of this division goes well beyond politics: It's about lifestyle and basic attitudes. These are generalizations, of course, but urban centers attract more white-collar folks who don't know why people would live so far from the "action." Rural areas attract those who prefer a simpler existence—and who think city folks are silly for paying so much for coffee. Both of these demos are important TV viewers, of course, as each makes up about half the country. It's perhaps fitting that less than a week after Obama won re-election, **CMT** will premiere Season 2 of "Redneck Island" (Nov 10, 9pm ET) in which "Stone Cold" Steve Austin of **WWE** fame searches for "the reddest of neck" out of 14 contestants vying for \$100K as they try to out-redneck each other on a tropical island. It's like Lynyrd Skynyrd meets *Jimmy Buffett*—with a bit of *Jeff Foxworthy* mixed in. These rednecks are proud to be rednecks. And they're not afraid to poke a bit of fun at themselves. In the same vein, America's big-city folk are pretty proud too—and as we busily elbow our way around town and buy \$5 lattes, we certainly recognize our own absurdities as well. There's room for everybody and every show. "Redneck Island" and "Californication" can live together in peace and harmony. And so can the rest of us. *MG*

Reviews: "Mankind: The Story of All of Us," premiere, Tues, 9p ET, **History**. There is much to like about ep 1 of this six-part series from former **Discovery Channel** chief *Jane Root*, whose team created History's Emmy-winning "America: The Story of Us," the template for "Mankind." Credit History for going big, summarizing 3K years in 12 hrs. Cleverly, the tale's organized around key concepts, inventions and discoveries. Also strong is the storytelling, with reenactments and terrific CGI, especially depictions of building the Pyramids and the Great Wall of China. *Josh Brolin's* narration also is a plus. – "The World According to Lance Armstrong," Sun, 8p, 11p ET, **CNN**. Fine sports documentaries abound on cable, but CNN isn't the first place we'd think of to see one. Yet this brief Australian piece is a fascinating glimpse at the evidence against Armstrong, voiced by former friends—who allege they heard the racer tell a cancer doctor he'd used performance-enhancing drugs. Also joining the chorus are former teammates, racing officials, prosecutors and doctors. The wow moment comes from Armstrong, taped during his only deposition, in '05. – "American Horror Story: Asylum," Wed, 10p, **FX**. No sophomore slump, as the series is re-invented. Tonight's ep includes *Mark Margolis* as a good guy, plus the usual bloody hijinks and devious, untrustworthy characters. *Seth Arenstein*

Basic Cable Rankings (10/29/12-11/04/12)			
Mon-Sun Prime			
1	FOXN	2.5	2410
2	ESPN	2.0	1982
3	USA	1.7	1709
4	TNT	1.6	1553
4	DSNY	1.6	1550
6	HIST	1.3	1278
6	MSNB	1.3	1203
8	TBSC	1.2	1207
8	AMC	1.2	989
8	DSE	1.2	94
11	A&E	1.0	977
11	TLC	1.0	970
11	FX	1.0	968
14	ADSM	0.9	938
14	CNN	0.9	921
14	HALL	0.9	787
14	NFLN	0.9	568
18	DISC	0.8	838
18	HGTV	0.8	835
18	SYFY	0.8	807
21	NAN	0.7	725
21	FAM	0.7	721
21	FOOD	0.7	719
21	LIFE	0.7	712
21	CMDY	0.7	676
21	TVLD	0.7	667
21	TRU	0.7	634
21	ID	0.7	523
29	TWC	0.6	602
29	BRAV	0.6	581
29	NGC	0.6	506
32	SPK	0.5	535
32	MTV	0.5	510
32	BET	0.5	496
32	LMN	0.5	416
32	NKJR	0.5	401
37	VH1	0.4	425
37	APL	0.4	420
37	EN	0.4	361
37	ESP2	0.4	360
37	OXYG	0.4	336
37	TRAV	0.4	336
37	DXD	0.4	311
37	WE	0.4	253
45	HLN	0.3	287
45	OWN	0.3	268

*Nielsen data supplied by ABC/Disney

Rescheduled

CableFAX

PROGRAM AWARDS Top Ops AWARDS

Tuesday, December 4 • Luncheon 12-2pm • Grand Hyatt, NYC

Register Here: www.cablefax.com/ProgramAwards