

CableFAX Daily™

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What the Industry Reads First

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Throwing Strikes: MLB's Digital Rights Practices Questioned

A distributor and a programmer went to bat against **MLB** during the TV Everywhere panel at **SBJ's Sports Media & Technology Conference** in NYC Wed. "Today across the cable industry our [MLB] Extra Innings package is performing below expectation, from where we were when we originally did that deal," said **Time Warner Cable** evp/chief video and content officer *Melinda Witmer*. "I think down the road...there's going to be a need for bringing into those conversations [the fact that] distributors at the end of the day are funneling up the revenue from the individual consumer who is supporting the TV and media revenue for not just baseball, but all of the leagues and rights folders." Witmer's primary beef appears to be MLB's interactive media/Internet arm **MLBAM** can sell competing offering **MLB.tv** at cheaper rates. "So there is a perception that in fact we're seeing an impact in our ability to be successful with baseball's product to a degree because of the head-to-head competition with the ultimate rights owner." In response, MLBAM evp, content *Dinn Mann* said "we're approaching another intersection to discuss that and make these things happen. There's still one table in baseball, it just happens to be a couple bosses at it. It's not that hard to get the right parties in the room." **ESPN** evp, sales and marketing *Sean Bratches*, who talked up the Disney/ESPN's solid relationship with TWC, disagreed. "I'm not sure our perception is that there's one table in baseball," said Bratches. "We have rights for TV Everywhere for baseball. It's not as clean as we'd like, but we hope to and anticipate resolving that in our next discussion with our partners at baseball." Countered Mann: "We're all duty bound to optimize and defend our rights...[MLBAM COO *Bob*] *Bowman* is a fierce advocate of the interactive rights. He's going to make sure we're not chumps in the process." Contentious rights issues aside, all parties agreed sports will remain in MVPD packages for now—despite recent comments from *Charlie Ergen* that it's now viable for ops to offer programming packages without sports. "It's high value content, it matters in our lineup," said Witmer, noting how TWC's seeing nets who've never been in the sports game now trying to get a slice of the sports pie. A much greater risk to ops, she said, would be to drop sports and effectively throw themselves into the ent content business, which is a "much more difficult business to be in." Regardless of genre, ops are wrestling with the fact that tech advances are outpacing digital rights ownership. "As a buyer the confusion is, when I go and buy networks... I run the risk that I bought the network but they don't actually have the rights to let my consumer use the product," said Witmer. "Do we just pay for the rights that are going to be there next week? It's hard to plan financially."

That was a Test: And thank goodness it was only a test, since Wed's 1st-ever test of the National Emergency Alert didn't go smoothly everywhere. While some folks took to **Twitter** to report hearing *Lady Gaga's* "Paparazzi" at the start of the 2pm test on **DirecTV**, the DBS provider explained that it was just background music for the few moments before the slide and test were past through. A customer in Durham, NC, told us the song played for about 30-40 seconds before the high-pitched EAS tone began. The *NY Times* reported that some **Time Warner Cable** subs in CA said they saw the alert for about a half hour and that some TWC subs in NY said they never received it. With MVPDs not saying

The top choice at 4pm, Case Closed!

Nielsen NSI Live +SD October, 2011 (9/29/11 - 10/26/11) Rankings are based on ratings for the respective demographics and time periods. Key demos include Adults 18-34, Adults 18-49, and 25-54.

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much Wed, Twitter offered a glimpse of how things played out. There were some tweets about folks watching **CNBC** who never saw an alert, as well as reports involving various MVPDs where customers were auto-tuned to certain networks, but an alert message never appeared. There also were reports of everything going just as it was supposed to. What's next? All the players are going to look at what happened, why it happened and then report back to the **FCC**—which they have to do within 45 days. **NCTA** said it was in the process of gathering feedback. “We do know that in many places, the Emergency Alert Notification flowed through to viewers without a hitch. However, we also know that in some places, it did not,” said **NCTA**, adding that it is committed to implementing the next generation alert system which will be deployed by all EAS participants by June '12. **NAB** said initial feedback indicates “most” radio and TV stations ran the test successfully, although “some isolated glitches may have occurred.”

Broadband for All: The writing was on the wall for an industry-wide broadband adoption initiative, and it was delivered Wed (*Cfax*, 10/13). **NCTA** took the wrapping off cable's initiative to work with non-profits to provide low-cost broadband service to millions of K-12 students that don't currently have it. It's the industry's answer to the **FCC**'s call for help in increasing adoption under its Connect-to-Compete initiative. “Six months ago, when I issued that challenge to help close the adoption gap, this is the kind of response I was aiming for,” FCC chmn *Julius Genachowski* said at an event unveiling the effort. “It's a remarkable offer from the industry. It's a big deal. It's a game-changer.” As with **Comcast**'s low-income broadband program Internet Essentials, any HH with at least 1 child receiving free lunch will be eligible for \$9.95/month HSD of at least 1Mbps downstream along with a free rental or low cost cable modem. **NCTA** estimates that there are more than 10mln free-lunch students in approximately 5.5mln homes that currently do not subscribe to broadband. The program will be in place at the start of the '12 school year, with some offers up even earlier. **Bend-Broadband, Bright House, Cablevision, Charter, Comcast, Cox, Eagle Comm, GCI, Insight, Mediacom, Midcontinent, Sjoberg's Cable, Suddenlink** and **Time Warner Cable** are among the providers who have committed to C2C or similar broadband adoption efforts to date (the represent 86% of US HHs). **One Economy** will form a new non-profit C2C org to collaborate with non-profits and private sector partners to publicize the initiative. **Cable in the Classroom** also will play a role in spreading the word. PSAs and direct mail campaigns are in the works. If this sounds familiar, it is. In '09, cable proposed the Adoption Plus program to provide discounted Internet and equipment to low-income HHs, but it never really took off. During Wed's announcement, Genachowski tipped his hat to **Cox**, saying the initiative was built on work Cox pres *Pat Esser* personally started in Cox CA systems.

More Broadband: Cable may be stepping up to help low-income homes get broadband, but a new **Commerce** and **NTIA** report found that socio-economic different don't explain the entire broadband adoption gap. For example, after accounting for socio-economic and geographic factors, black and Hispanic HHs still lag white homes in adoption by 11 percentage points. However, the gap between Asian and white HHs disappears. The main reasons cited for not having Internet access at home were a lack of interest or need (47%), the expense (24%), and the lack of an adequate computer (15%).

Moving On: **Discovery Comm** reported that COO *Peter Liguori* has informed the company he'll depart at year-end. The former **Fox Broadcast** ent pres joined the company in Jan '10. Discovery will eliminate the COO post. Discovery pres/CEO *David Zaslav* sang Liguori's praises and thanked him for his contributions, including “tackling some

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pretty challenging special assignments, including the launches of our joint venture networks—**The Hub**, **OWN** and **3net**.” Liguori’s goodbye: “My time at Discovery has been incredibly rewarding. Every day I was inspired to work alongside highly talented and hard-working staff who never ceased to surprise with their passion, expertise and commitment.”

Sports Media & Tech Notebook: A successful transition of **Versus** to **NBC Sports** net (Jan 2) will require patience, said NBC Sports Group chmn *Mark Lazarus*. “We’re going to do it well, not fast,” he said. “You cannot get an audience to trust you if you’re all over the place. You need to be consistent with brand and quality.” Since TV shows don’t always work, Lazarus isn’t averse to taking risks such as possibly entering regional markets (the company has 11 regional sports nets, and will add Houston to the lineup next year). “We’re not going to give up our very localized content,” he said, as numerous deals with major league teams “puts us in the conversation. We’re not going to abandon that.” Lazarus noted action sports as a potential growth area that can attract younger demos. Other growth opportunities with the next set of rights negotiations include **NASCAR**, baseball and college sports, he said, and even rugby.

On the Hill: The **FCC**’s net neutrality rules were the subject of debate on the Senate floor Wed. A vote on a resolution that would prevent them from taking effect Nov 20 is expected Thurs, but the Democratic majority is expected to vote it down. Sen *John Kerry* (D-MA) warned that if the rules are overturned, “every innovator on the Internet will be exposed to the risk that before they innovate, before they create a new product, they’re going to have to go to somebody and say, ‘Mother, may I do this?’ and then there will be a price attached to that.” Republicans, including Sen Commerce ranking member *Kay Bailey Hutchison* (R-TX), fear the rules will be the cause of investment chilling. “If net neutrality reduces capital investment in broadband infrastructure by even just 10%, it could cost our country hundreds of thousands of jobs over the next decade,” she said. This debate already played out in the Republican-controlled House, which passed the resolution.

In the States: **FiOS TV** and **Grande Comm** are co-presenting a nationwide feature of **Longhorn Net** from Fri morning to Sun at midnight. During that time, any broadband sub can access UT programming at **LonghornNetwork.com**. -- **Frontier Comm** launched **TumTiki.com** this week to provide anyone with Internet access to free streams of TV eps from nets including **FX**, **Food Net**, **AMC** and **TBS**. The site also offers users a PPV option eps and movies through Frontier’s partnership with **Amazon.com**.

Fight Night: The fresh **Fox Sports-UFC** deal (*Cfax*, 8/19) gives Fox an impressive heavyweight title fight Sat night, and execs are expecting impressive results despite downplaying the importance of ratings during a Wed conference call. **Fuel TV** GM *George Greenberg*, however, couldn’t hide his anticipation. “It’s very important to me,” he said of ratings for Fuel’s 3 hours of surrounding coverage (2 pre-fight, 1 post-fight). When **FX** joins the UFC fray, people will find the content for sure, said Greenberg, intimating Fuel has a lot riding on MMA. “As we expose a brand new audience...to the MMA world, this thing is going to explode,” he said, noting how the net’s core audience mustn’t be overlooked during the process. Fuel will air at least 100 hours of live UFC programming next year, including some fights.

Wells Fargo Notebook: Armed with impressive ratings consistency on cable yet sans major discernible growth prospects (at least based on recent earnings), **WWE** is looking to its planned cable net as a means to monetize its 100K-hour library, said CFO *George Barrios*. In extending the company’s quietness about the channel plans, however, Barrios said it will “possibly” launch next year, adding WWE feels pretty good about translating its ratings “to a broader playing field.” Barrios said WWE averages 14mln viewer/week for all its shows, 5mln alone for “Monday

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BUSINESS & FINANCE

Night Raw” on **USA**, which he noted is the top English-language show among US Hispanics.

Earnings: Mediacom Broadband reported 4.5% growth in rev on gains in HSD and phone rev, offset by declines in video and advertising. Versus 2Q, the unit shed 22K basic subs, 12K digital and 3K HSD, but added 2K phone. **Mediacom LLC** delivered a 4.3% increase in rev on gains and declined similar to Broadband, and lost 17K basic, 9K digital and 2K HSD subs while adding 1K phone.

Programming: Nick Jr's will target mothers with prime block **Nick-Mom TV** beginning in 4Q12, while an attendant Website kicks off Mon as a blog on Nickelodeon's **ParentsConnect.com** before evolving into a mom-focused destination. -- **Syfy** announced 3 scripted projects in development, including “Ghost Projekt,” based on a comic series in which a female KGB agent and male American weapons inspector partner to battle a deadly force. -- **Bob Costas** is set to bring monthly interview show “Costas Tonight” to **NBC Sports Net** beginning in the spring, plus host quarterly live town halls starting with “Costas Tonight: Live from the Super Bowl.” -- **Disney Channel** picked up “Phineas and Ferb” for a 4th season.

People: Syniverse tapped former **Cox CTO Scott Hatfield** as CTO.

CableFAX Daily Stockwatch

Company	11/09 Close	1-Day Ch	Company	11/09 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	44.57	(2.18)	BLNDER TONGUE:	1.30	0.03
DISH:	24.16	(0.26)	BROADCOM:	34.05	(1.79)
DISNEY:	33.79	(1.5)	CISCO:	17.61	(0.7)
GE:	15.85	(0.63)	CLEARWIRE:	1.90	UNCH
NEWS CORP:	16.95	(0.86)	CONCURRENT:	3.57	0.02
MSOS					
CABLEVISION:	14.62	(0.59)	CONVERGYS:	11.47	(0.49)
CHARTER:	51.23	(2.22)	CSG SYSTEMS:	14.68	(0.8)
COMCAST:	21.61	(1.15)	ECHOSTAR:	24.05	(1.15)
COMCAST SPCL:	21.38	(1.1)	GOOGLE:	600.95	(11.39)
GCI:	9.24	(0.75)	HARMONIC:	5.38	(0.34)
KNOLGY:	13.99	(0.72)	INTEL:	23.84	(0.91)
LIBERTY CAPITAL:	74.56	(3.97)	JDSU:	11.62	(0.88)
LIBERTY GLOBAL:	40.06	(1.86)	LEVEL 3:	21.10	(0.91)
LIBERTY INT:	15.56	(0.74)	MICROSOFT:	26.20	(0.96)
SHAW COMM:	19.91	(0.43)	MOTOROLA MOBILITY:	39.04	(0.13)
TIME WARNER CABLE:	60.09	(2.31)	RENTRAK:	13.16	(0.78)
VIRGIN MEDIA:	23.55	(0.86)	SEACHANGE:	8.28	(0.36)
WASH POST:	334.18	(9.92)	SONY:	17.20	(0.28)
PROGRAMMING					
AMC NETWORKS:	32.53	(0.45)	SPRINT NEXTEL:	2.74	(0.15)
CBS:	24.52	(1.3)	THOMAS & BETTS:	49.57	(2.33)
CROWN:	1.55	(0.11)	TIVO:	10.39	(0.85)
DISCOVERY:	42.00	(3.06)	UNIVERSAL ELEC:	16.21	(0.42)
GRUPO TELEVISIA:	20.58	(0.94)	VONAGE:	2.69	(0.13)
HSN:	36.43	(1.58)	YAHOO:	15.92	(0.05)
INTERACTIVE CORP:	41.26	(1.34)	TELCOS		
LIBERTY STARZ:	64.95	(3.12)	AT&T:	28.91	(0.55)
LIONSGATE:	8.30	(0.41)	VERIZON:	36.89	(0.63)
LODGENET:	2.53	(0.04)	MARKET INDICES		
NEW FRONTIER:	1.12	0.02	DOW:	11780.94	(389.24)
OUTDOOR:	6.99	(0.54)	NASDAQ:	2621.65	(105.84)
SCRIPPS INT:	40.36	(2.54)	S&P 500:	1229.10	(46.82)
TIME WARNER:	33.74	(1.54)			
VALUEVISION:	1.95	(0.1)			
VIACOM:	49.06	(2.24)			
WWE:	10.10	(0.43)			
TECHNOLOGY					
ADVANTAGE:	2.10	(0.07)			
ALCATEL LUCENT:	1.99	(0.17)			
AMDOCS:	29.95	0.07			
AMPHENOL:	45.44	(2.41)			
AOL:	15.02	(0.71)			
APPLE:	395.28	(10.95)			
ARRIS GROUP:	10.59	(0.45)			
AVID TECH:	6.86	(0.29)			
BIGBAND:	2.23	(0.01)			

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Transparent Smudge

Commentary by Steve Effros

In January of last year I wrote a column about the “smudge” we all now either have to send out or read in the name of “transparency.” You know what I mean, the tiny print at the bottom of the ad that puts in all the caveats and warnings. It’s the stuff that apparently makes someone feel like they have “done something” for the consumer, but in fact only takes up space, ink and kills trees.

As I asked back then, how many of you actually read the book of disclosures sent periodically by your mutual fund, or the innumerable “privacy notices” you get from banks, credit card companies, and, yes, cable companies, too?



I’m pretty sure I know the answer to that question. There’s little evidence that anyone has ever really even read

the mortgage agreement they signed, let alone all the add-on consumer disclosures that are now being required and constitute a massive danger to our surviving forests. This notion of disclosure and transparency simply doesn’t work.

We’re about to be treated to it again as the “net neutrality” rules go into effect and companies delivering broadband services are required to be “transparent” about the service they offer. The “consumer groups” have varying views of what that transparency should look like, with the most extreme insisting that consumers want an electronics lesson on the rate of “jitter” that might occur under various circumstances regarding the service they receive.

Lawyers for broadband companies are struggling to figure out what is sensible, as is the FCC. While there have been advisories and lots of comment back and forth with the Commission, the truth is we simply will not know until the complaint-driven process lets the Commission consider some specific issues that are raised and that

will then give the industry a better sense of whether the FCC is seeking smudge or actually trying to simply assure that adequate information is supplied to consumers so they know what they are getting.

As has been pointed out to me, in this case the consumer shouldn’t have much of a problem. In almost all cases broadband service is purchased on a month-to-month basis, and in a lot of cases there is a cancellation clause for new service. So the consumer can test it out, see if the service provides what they are seeking, and keep it or not.

Yes, the “power users” will be going through any disclosures with a fine toothed comb to see if there are any network management practices they can particularly get upset about and raise with the Commission. But that’s not really a “transparency” issue, it just uses the notice provisions as a springboard for raising their core “net neutrality” issues. We can argue those out, but it shouldn’t be at the cost of common sense on what the average consumer should be told, and needs to know.

The Commission is going to have to flesh out these rules on a case-by-case basis, and hopefully will be very reticent to “punish” providers before those cases make clear what is and is not required. Disclosure of network management practices may be something some people want to have access to, and the Commission seems to say having it on your web site is sufficient. It certainly isn’t something either useful or used by the average consumer. Having to print all that arcane stuff up in disclosure statements or mailings or on ads, given what we already know happens to such materials, doesn’t work. Smudged transparency doesn’t help anyone.

Steve

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