

# CableFAX Daily™

Thursday — November 17, 2011

What the Industry Reads First

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## Hilluva Day: Copyright Protection, FCC Overhauling Dominate House Wed

Busy day with **House Judiciary** tackling the Stop Online Piracy Act and **House Communications subcmte** marking up **FCC** reform measures. The bigger draw was definitely SOPA, which pits Hollywood studios against **Facebook**, **Google** and other Internet giants. The bill debated Wed would have ISPs, search engines and the govt take greater action to prevent rogue Websites with pirated content. Lawmakers were generally supportive of the measure. **NCTA** has said it supports SOPA's intent, but much depends on how it's implemented. **Public Knowledge's Gigi Sohn** complained that the hearing reflected only the views of big media companies, and called it "particularly egregious that none of the distinguished Internet engineers who warned of the dangers contained in the bill about the destabilization of the Internet were a part of the panel of witnesses." A similar bill (Protect IP) passed Sen Judiciary this year, but a hold has been put on the legislation by Sen **Ron Wyden** (D-OR). "Yes, the Internet needs reasonable laws and bad actors need to be pursued, but the freedoms of billions of individual Internet users should not be sacrificed in the interest of easing that pursuit," Wyden said in a statement entered into the record. -- Over in the Communications subcmte, it broke down along party lines with the committee approving chmn **Greg Walden's** (R-OR) bills to reform the FCC on a 14-9 vote. Provisions include limiting conditions on mergers to transaction-specific harms and requiring identification of a market failure, consumer harm or significant regulatory barrier before adopting "economically significant rules." Dems, concerned the legislation will tie the FCC's hands, offered many amendments that were defeated, including one to delay the effective date to Feb '13 to not target a particular administration.

**Pivot Redux:** Perhaps the industry should've seen the dissolution of **Cox's** wireless services coming. Recall the slew of management changes that included former CTO **Scott Hatfield's** departure in '10 and former svp, wireless **Stephen Bye's** earlier this year, with Bye landing at **Sprint** and Cox's hiring of **Kevin Hart** from **Clearwire** as CTO. Then, in May, Cox announced it would decommission its 3G network and instead rely on **Sprint Nextel's** CDMA in an effort to make its wireless service available to more than half its footprint by year-end. But like success with Cox/cable's failed **Pivot** wireless play, that never happened. In late June, vp, wireless product operations **Kelly Williams** told **CableFAX** that wireless subs were big fans of Bundle Benefits and Money Back Minutes, which respectively allowed Cox subs who received 2 or more services to upgrade 1 of them for the length of a wireless contract and receive cash back on their bills for unused minutes. Williams also noted how Cox had nearly doubled its initial wireless sub forecasts (**Cfax**, 7/1), and market rollouts continued into Sept (San Diego and Santa Barbara). Yet in Wed's release, the MSO blamed a lack of scale, the acceleration of competitive 4G networks and a lack of access to popular devices. Perhaps under the radar is Cox's further decision to end wireless broadband services on Mar 30 as well, which is sure to stoke speculation surrounding the MSO's next wireless plan as it still owns spectrum. For now, Cox appears focused on plans to launch streaming in-home video to mobile devices around Christmas.

**Juicy L.A. Story:** **Time Warner Cable** declined to comment on reports that it scored a TV rights deal with the **L.A. Gal-**



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**axy**, but sources confirmed the pact that is sure to kick off a heated battle in SoCal between the MSO and **Fox Sports**. TWC will air the games on the area RSN it's launching to showcase the **L.A. Lakers** beginning next year, and has now wrested pro hoops and soccer rights from Fox Sports while also planning to bid for the future **L.A. Dodgers** rights now locked up in bankruptcy court and currently owned by Fox through '13. Fanning those flames Wed was news that the Dodgers has sued Fox Sports for allegedly attempting to interfere with the franchise's bankruptcy proceedings. Also, Fox has a suit pending against the club for breach of contract. And if that's enough to make a Hollywood movie, TWC will also take **USC** and **UCLA** content away from Fox by virtue of its deal with **Pac-12 Nets**. This is gonna be good.

**Show Me the Money:** Building social media engagement around TV shows is a great brand-builder, but are cable and broadcast nets monetizing social media efforts? That was the burning question at a **Social TV Summit** exec panel in NYC Wed morning. "Good progress" is being made, according to **Univision** Interactive Media Group pres *Kevin Conroy*. He pointed to big events like Copa Mundial (World Cup) and last week's Latin Grammys. "We're seeing the beginnings of nice metrics to drive business results," he said. *Jeremy Legg*, **Turner** svp, biz dev & multiplatform distribution, agreed that social initiatives packaged as events are easier to sell against. "You have a discreet pool of events and can sell that way," he said, but driving engagement at other times "is more marketing." For Univision, monetization has worked when it has packaged impressions within larger packages, effectively increasing the value of the overall offering and CPMs. "We're still at a point where it's a mistake to try to monetize those impressions on a stand-alone basis," Conroy said. "It's a great bridge to get where want to go," and it does add value to advertisers looking to reach a broad base. But **CBS Interactive** svp & gm *Marc Debevoise* said the broadcaster did go the stand-alone route, selling sponsorships for its "Tweet Week" initiative, where the net's talent took over its social media sites for a week. The challenge is forecasting your audience numbers and selling against them, he said. "With social initiatives, you just don't know how big they'll be." And with no standard, you're bound to shoot too low. **Oxygen Media** pres *Jason Klarman* said "advertisers are anxious to get involved. For unscripted, the opportunity is huge." With voting-based social initiatives for Oxygen's "The Glee Project," there was "a huge amount of uplift for that brand. We saw a huge rise in digital revenue driving linear and digital dollars," he said.

**In the Courts:** **C-SPAN** continues its role as flag waver against must carry, filing an amicus brief in **DISH's** request for Supreme Court review of a Congressional mandate to carry non-commercial HD stations. C-SPAN has long believed that mandated carriage of channels hurts its distribution chances. "Programmers like C-SPAN seek only one simple and fundamental thing: fair competition in the marketplace of ideas. The law now puts the government's thumb on the scales in favor of one speaker—**PBS**—over all others," C-SPAN wrote. "That is not fair competition. The First Amendment should be a guarantee against such favoritism, and the remedy for it." **DISH** is challenging a 9th Circuit appeals court decision upholding a lower court's denial of **DISH's** request for a preliminary injunction of non-commercial HD carriage mandated in the Satellite Television Extension and Localism Act. Like C-SPAN, **DISH** raised the First Amendment in its request for SCOTUS review.

**Carriage:** **Verizon** said Wed that it expects to offer **FIOSTV** subs in NY, NJ and CT **MSG** channels in HD by mid-Dec. Last week, the **FCC** denied a request by **Cablevision** and **MSG** to review a Media Bureau decision requiring them to make those HD feeds available to Verizon and AT&T. Cablevision said at the time that it was considering all of its options.

**Tech:** **BendBroadband** agreed to become the 1st op to deploy **FourthWall Media's** EBIF platform on **Motorola** set-tops. Bend will launch the platform integrated with **Rovi's** i-Guide to provide interactive services. -- **CommScope's** demoing at

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# BUSINESS & FINANCE

the Expo this week several solutions aimed at helping cable ops migrate to higher bandwidth, unicast and IP based services, cut service disruptions and lower operating expenses.

**Programming: Spike** lost UFC content to **Fox** nets, but it's staying with MMA, announcing "MMA Junkie Live" (Jan) as its 1st-ever prime MMA news mag show. In partnership with **MMAJunkie.com**, the show will broadcast live from MTV Studios in Times Square. -- **Comedy Central** locked up "South Park" through '16, ensuring original eps through the 20th season. -- **HBO**, *Sports Illustrated* and **Endgame Ent** are teaming up for doc series "Sport in America," slated for '13 feature on HBO to examine how sports have shaped America's character.

**On the Circuit: Time Warner Cable L.A.** wowed reporters and VIPs at the SoHo House in West Hollywood Tues night, showcasing its tech wares ranging from 3DTV to its iPad app. Celebs included *Rose McGowan*, *Faith Ford*, *Tom Cavanagh* and *Pauley Perrette*, as well as an **Ovation**-sponsored appearance by 2 "So You Think You Can Dance" dancers. One big takeaway: Watch out for home automation and security, which is getting a big push from Time Warner Cable and could become a healthy new revenue stream for cable. The demos were impressive.

**People: Style Net** upped *Bear Fisher* to svp, brand strategy and creative dir and welcomed *Bob Pederson* as vp, on-air creative.

## CableFAX Daily Stockwatch

Company	11/16 Close	1-Day Ch	Company	11/16 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	46.49	(0.59)	BLNDER TONGUE:	1.11	(0.03)
DISH:	24.04	(0.15)	BROADCOM:	34.99	(0.96)
DISNEY:	35.53	(0.92)	CISCO:	18.80	(0.32)
GE:	15.95	(0.25)	CLEARWIRE:	1.80	UNCH
NEWS CORP:	17.16	(0.55)	CONCURRENT:	3.70	(0.24)
<b>MSOS</b>					
CABLEVISION:	15.19	(0.06)	CONVERGYS:	12.20	(0.18)
CHARTER:	51.50	(1.68)	CSG SYSTEMS:	14.83	(0.37)
COMCAST:	21.51	(0.79)	ECHOSTAR:	23.38	(0.36)
COMCAST SPCL:	21.32	(0.83)	GOOGLE:	611.47	(5.09)
GCI:	9.04	(0.47)	HARMONIC:	5.49	(0.15)
KNOLLOGY:	13.68	(0.54)	INTEL:	24.94	(0.4)
LIBERTY CAPITAL:	77.70	(1.62)	JDSU:	11.80	(0.16)
LIBERTY GLOBAL:	41.70	(0.45)	LEVEL 3:	20.45	(0.11)
LIBERTY INT:	15.52	(0.41)	MICROSOFT:	26.07	(0.67)
SHAW COMM:	20.52	(0.29)	MOTOROLA MOBILITY:	38.94	0.04
TIME WARNER CABLE:	60.56	(1.02)	RENTRAK:	13.00	(0.08)
VIRGIN MEDIA:	23.64	(0.73)	SEACHANGE:	8.33	(0.49)
WASH POST:	354.75	9.34	SONY:	16.87	(0.55)
<b>PROGRAMMING</b>					
AMC NETWORKS:	36.78	(0.19)	SPRINT NEXTEL:	2.85	(0.07)
CBS:	25.06	(0.42)	THOMAS & BETTS:	51.90	(0.34)
CROWN:	1.61	UNCH	TIVO:	10.23	(0.37)
DISCOVERY:	41.45	(0.56)	UNIVERSAL ELEC:	16.27	(0.47)
GRUPO TELEvisa:	20.54	(0.57)	VONAGE:	2.70	(0.08)
HSN:	35.84	(0.85)	YAHOO:	15.72	(0.21)
INTERACTIVE CORP:	41.41	(0.49)	<b>TELCOS</b>		
LIBERTY STARZ:	68.10	(0.3)	AT&T:	28.78	(0.47)
LIONSGATE:	8.52	(0.02)	VERIZON:	36.65	(0.59)
LODGENET:	2.13	(0.07)	<b>MARKET INDICES</b>		
NEW FRONTIER:	1.13	UNCH	DOW:	11905.59	(190.57)
OUTDOOR:	7.03	(0.2)	NASDAQ:	2639.61	(46.59)
SCRIPPS INT:	39.78	(0.58)	S&P 500:	1236.91	(20.9)
TIME WARNER:	33.98	(0.78)			
VALUEVISION:	1.82	0.07			
VIACOM:	53.21	(0.49)			
WWE:	9.82	(0.17)			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.07	0.03			
ALCATEL LUCENT:	1.89	(0.06)			
AMDOCS:	28.99	(0.56)			
AMPHENOL:	47.08	(0.34)			
AOL:	14.86	(0.16)			
APPLE:	384.77	(4.06)			
ARRIS GROUP:	10.85	(0.21)			
AVID TECH:	6.99	(0.25)			
BIGBAND:	2.23	0.01			

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## Think about that for a minute...

### Salted Nuts

Commentary by Steve Effros

Bars have long been the bastion of the “free.” Not free drinks, mind you, but free salted nuts, or snacks, or indeed entire meals earlier last century, so long as those meals had lots of salt. Why? It kept people thirsty. The idea was to sell lots of drinks. The “free” salted nuts were just part of the business plan.

It was—and still is—a straight-forward business plan. It has worked for a long time, and it’s not restricted to the bar business. A few days ago Amazon started delivery of their new “Kindle Fire” eReader/Tablet device. Reports are already coming in that it is very nice. It works, looks good, and importantly; it’s cheap!



Amazon is, according to researchers, selling each Kindle Fire at a loss. It costs them more to make the device than the price they are selling it for. This is another iteration of “free salted nuts.” I’m not opposed to that, but I think it deserves a closer look when it comes to trying to create policies relating to devices, services and business plans. It seems to me well meaning folks don’t really understand or appreciate the inter-relationship between or among all those things when they suggest regulation of just one aspect. The phrase “unintended consequences” jumps to mind.

Amazon is clearly betting on the success of its new device to induce or seduce consumers into not only buying their new device, but also using it in such a way that Amazon’s primary business of selling goods is spurred. That’s very much like the bartender filling up your little snack bowl. The bar isn’t making money on the snack, but it’s confident that the snack will induce you to buy a drink, and that’s where the profit margin is.

Amazon has apparently designed its new product to look and feel very much like other “tablets” or “eRead-

ers,” but with a little wrinkle. They have redesigned the underlying Android operating system and put a new “skin” or cover on the user interface. Not surprisingly, that redesign is very carefully intended to lead the user directly to Amazon’s buying portals, and it is apparently an “...almost seamless experience” as one reviewer put it, to go from looking at some product to buying it through Amazon.

It should not come as any surprise that the current experience, seams and all, still exists if you try to go to some other Website and buy there. This is not to say that Amazon has in any way intentionally slowed down or impeded access to those other sites, but it has certainly speeded up and made far more efficient and attractive the experience of going to its own, proprietary site from its own, proprietary new device.

This is not a new turn of events. Apple designed its own phones, and controls access to “applications” or “apps” for that phone with the avowed purpose of making sure the experience of use is what Apple device purchasers want. The iTunes store is the beneficiary. That approach has worked spectacularly well. Now Amazon and others are trying. This is great, but let’s not have any illusions about the reasoning behind all these changes in operating systems or refinement of specific devices (or their pricing). It’s all part of a highly competitive marketplace where developers and innovators are competing for market share.

So long as consumers are made aware of what’s going on; (hey, buddy, you can’t just come in here and eat the salted nuts without buying anything...), everyone wins.

*Steve*

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