

CableFAX Daily™

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What the Industry Reads First

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Roku's Mission: Start Up a Bromance with Cable MSOs

Continuing on the path to become cable's BFF, **Roku** has made partnering with MSOs its priority for '14. That means adding more MSO channels like **Time Warner Cable** TV in the Roku channel store, providing cable subs who are also Roku users with live programming through authentication, *Steven Shannon*, gm of content and services, said in an interview. The company is getting "a lot of inbound interest from MVPDs" and is exploring numerous go-to-market strategies, he said. A declining video sub base could be one of the major drivers for cable MSOs' OTT outreach. According to **Leichtman Research**, the top 9 cable ops lost about 600K video subs in 3Q, the highest quarterly losses since 3Q '10 while both satellite and telco providers added new subs. In addition to creating viewing apps for pay-TV providers in the Roku channel store, another potential approach is through white-label video contracts. Shannon cited British provider **BSkyB's** launch of **Now TV**-branded Roku streaming service in July, which allows streaming of live TV and on-demand content through the Now TV box, the white-label version of a streaming box by Roku. "We also have large cable operators coming to us seeking [a] customized approach" while smaller ops are looking at Roku as a 2nd-screen approach, Shannon said. Regional provider **Wave Broadband** offers its subs the option to stream content through Roku while OR provider **Canby Telcom** has a "Pay TV Lite" package offered exclusively on Roku boxes. Believe it or not, only 15% of Roku users are cord-cutters. The majority of Roku-ers are pay-TV subs, and the growth in that customer segment has been stable, said Shannon. The company also has been busy getting TV network apps onto Roku: It just added **WatchESPN**, **Watch Disney**, **Watch Disney Junior** and **Watch Disney XD**. The same lineup of apps were added to Roku rival **Apple TV** earlier this year. The trend is that cable MSOs of all sizes are trying to figure out how to incorporate online video apps into their traditional TV offerings. Perhaps one of those options is bundling streaming video providers with cable, given that **Netflix** was reportedly in talks with **Comcast** and several other providers about adding the streaming service as an app on set-top boxes. That didn't worry Shannon, who expects little impact of such deals on Roku. "If all you need was Netflix to compete with us, we would have been out of business a long time ago," he said. As pay-TV providers explore OTT options, they seem to recognize the need for an ecosystem and an app store environment, which Roku can provide, he said: "We always see ourselves as a software company." **Netflix** was the only available app on Roku when it launched and is still one of Roku's most popular despite its dozens of channels today, Shannon said. Still no **YouTube** app on Roku, but Shannon promised he's working on it.

Deals: Not everything goes down to the wire, with **Discovery** signing a multi-year deal with **Time Warner Cable** ahead of their contract expiration. The big news here is that it's Discovery Comm's first TVE deal of scale (it has been in a TVE trial with **Comcast** for a few years). In addition to continued access to **Discovery**, **TLC**, **OWN** and the rest of the portfolio, subs should have TVE in the "near future." Discovery has been hesitant to jump into the TVE

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space because it wants to make sure it is compensated for the rights. During last month's 3Q earnings call, CEO *David Zaslav* called the TVE concept "terrific" but said the programmer was at "a little bit of an impasse" on the value with MVPDs.

In the Courts: NFL and MLB filed a joint brief, asking the Supreme Court to grant the broadcasters' petition to bar **Aereo**. "If copyright holders lose their exclusive retransmission licensing rights and the substantial benefits derived from those rights when they place programming on broadcast stations, those stations will become less attractive mediums for distributing copyrighted content," the leagues said. "The option for copyright holders will be to move that content to paid cable networks where Aereo-like services cannot hijack and exploit their programming without authorization." Federal judges in Boston and NY have permitted Aereo to operate during legal challenges, while broadcasters have asked the Supreme Court to intervene. Aereo has until Dec 12 to file a reply brief.

Retrans: Media General stations returned to **DISH** this weekend, a month-and-a-half after they went dark in a retrans fight. The return of the stations in 17 markets also came 1 day after Media General responded to DISH's **FCC** claim that the broadcaster was acting in bad faith. Media General disagreed with DISH's characterization and urged the Commission to consider sanctioning the DBS operator for "abusive" conduct. Neither side said much about the new deal, and **New Young Broadcasting** completed a merger with Media General last week (DISH already has a deal in place with Young).

On the Hill: Sen Judiciary chmn *Patrick Leahy* (D-VT) and cmte member *Mike Lee* (R-UT) introduced a bill aimed at protecting businesses from patent trolls. Among other things, the Patent Transparency and Improvements Act of 2013 aims to increase transparency in patent ownership and target the widespread sending of "frivolous demand letters." House Judiciary chmn *Bob Goodlatte* (R-VA) introduced his own patent reform legislation last month.

Research: Driven by **Time Warner Cable's** sub loss in 3Q, which was impacted by its dispute with **CBS**, the top 9 cable ops lost about 600K video subs in the quarter, the highest quarterly losses since 3Q '10, according to **Leichtman Research**. The losses benefitted the top telcos and satellite providers, which added 400K and 174K net new video subs in the quarter, respectively. Overall, the 13 largest multichannel video providers lost about 25K video subs vs a loss about 50K a year ago.

Tech: **Sling Media** unveiled a SlingPlayer channel for Roku and an app for iPhone and Android smartphones. It also announced a redesigned SlingPlayer 3.0 that adds video discovery and 2nd screen enhancement.

Ratings: **WE tv's** "Braxton Family Values" returned for Season 3 Thurs with its strongest premiere ep ever, 1.3mln total viewers.

Programming: **TV One** renewed "R&B Divas Atlanta" and "R&B Divas LA" for new seasons next year. It's worth noting that the announcement came on the net's morning program "News One Now" with *Roland Martin*. -- **Esquire** toasts the 80th anniv of Prohibition's repeal with special "Best Bars in America" on Dec 5, 9pm. -- **History.com** is publishing original articles this week across all editorial franchises, offering views on how JFK's assassination changed the nation. Other components include a "JFK **Twitter** Takeover," providing hour by hour live tweets of pivotal moments of the assassination as they unfolded. On Fri, History premieres "JFK: The Definitive Guide" (8pm),

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Join us for CableFAX's Most Powerful Women in Cable Breakfast on November 21, 2013 from 8:00-10:00 a.m. in NYC, as we salute the women who have made their mark on the industry with leadership, innovation and community.



BUSINESS & FINANCE

followed by "Lee Harvey Oswald: 48 Hours to Live" (10pm).

Obit: Sad to report the sudden passing over the weekend of **SCTE** svp, ops *Cathy Oakes*. During her 7 years at SCTE, she oversaw various activities, including membership and national conferences. She took a leading role in the creation of numerous programs, such as the SCTE-Tuck Executive Leadership Program with the Tuck School of Business at Dartmouth. Oakes was slated to be honored on Thurs as one of **CableFAX's** Top Women in Technology. A funeral is scheduled for Fri in Chester Springs, PA. Oakes is survived by her husband *Terry* and by *Terry Jr., Christina, Bridget* and *Olivia*. In lieu of flowers, contributions may be sent to the Oakes Children's Education Fund, c/o DNB First Bank, 4 Brandywine Avenue, Downingtown, PA 19335.

People: **Scripps** upped *Allison Page*, long-time sr programming exec at **Food Network** and **Cooking Channel**, to gm, **Scripps Network Interactive** home category. She will report to *Kathleen Finch*, pres of the home category. -- **The Weather Channel** hired *Nikki Santoro* as new vp of mobile, overseeing the direction, vision, deployment and management of the net's mobile and web-based apps across platforms.

CableFAX Daily Stockwatch

Company	11/18 Close	1-Day Ch	Company	11/18 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
21ST CENTURY FOX:	33.75	(0.44)	ECHOSTAR:	49.77	(0.59)
DIRECTV:	65.04	0.16	GOOGLE:	1031.55	(2.01)
DISH:	50.58	(0.36)	HARMONIC:	7.29	(0.15)
DISNEY:	69.50	(0.5)	INTEL:	24.60	0.08
GE:	27.22	0.02	JDSU:	12.26	(0.14)
MSOS					
CABLEVISION:	14.90	(0.03)	LEVEL 3:	30.33	0.03
CHARTER:	129.54	0.85	MICROSOFT:	37.20	(0.64)
COMCAST:	47.38	(0.35)	MOTOROLA MOBILITY:	13.60	0.45
COMCAST SPCL:	46.34	(0.32)	NIELSEN:	40.37	0.03
GCI:	9.59	(0.05)	RENTRAK:	35.91	(2.04)
LIBERTY GLOBAL:	79.87	(0.13)	SEACHANGE:	14.12	0.15
LIBERTY INT:	27.93	(0.39)	SONY:	18.72	0.22
SHAW COMM:	23.38	(0.2)	SPRINT NEXTEL:	7.64	0.22
TIME WARNER CABLE:	121.53	0.65	TIVO:	13.15	(0.06)
WASH POST:	644.75	(9.84)	UNIVERSAL ELEC:	36.50	(0.51)
PROGRAMMING					
AMC NETWORKS:	64.00	(1.23)	VONAGE:	3.20	(0.08)
CBS:	59.60	(0.95)	YAHOO:	34.98	(0.49)
CROWN:	3.12	UNCH	TELCOS		
DISCOVERY:	85.42	(0.01)	AT&T:	35.60	0.17
GRUPO TELEVISIA:	29.86	(0.31)	VERIZON:	50.76	0.45
HSN:	57.63	(0.09)	MARKET INDICES		
INTERACTIVE CORP:	56.29	(1.4)	DOW:	15976.02	14.32
LIONSGATE:	33.35	(0.87)	NASDAQ:	3949.07	(36.9)
MADISON SQUARE GARDEN:	56.21	(0.7)	S&P 500:	1791.53	(6.65)
SCRIPPS INT:	74.70	(0.76)	TECHNOLOGY		
STARZ:	28.60	(0.5)	ADVANTAGE:	2.65	(0.01)
TIME WARNER:	66.85	(0.79)	ALCATEL LUCENT:	4.03	(0.13)
VALUEVISION:	5.26	0.03	AMDOCS:	40.95	0.18
VIACOM:	79.64	(0.82)	AMPHENOL:	84.78	0.68
WWE:	13.60	0.28	AOL:	45.18	(0.95)
TECHNOLOGY					
ADDVANTAGE:	2.65	(0.01)	APPLE:	518.63	(6.36)
ALCATEL LUCENT:	4.03	(0.13)	ARRIS GROUP:	18.00	0.04
AMDOCS:	40.95	0.18	AVID TECH:	8.51	(0.01)
AMPHENOL:	84.78	0.68	BLNDER TONGUE:	0.97	0.04
AOL:	45.18	(0.95)	BROADCOM:	26.63	(0.42)
APPLE:	518.63	(6.36)	CISCO:	21.29	(0.24)
ARRIS GROUP:	18.00	0.04	CONCURRENT:	7.37	0.03
AVID TECH:	8.51	(0.01)	CONVERGYS:	20.17	(0.03)
BLNDER TONGUE:	0.97	0.04	CSG SYSTEMS:	28.76	0.44
BROADCOM:	26.63	(0.42)			
CISCO:	21.29	(0.24)			
CONCURRENT:	7.37	0.03			
CONVERGYS:	20.17	(0.03)			
CSG SYSTEMS:	28.76	0.44			

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CableFAX TECH

Cisco's Set-top Business Continues to Face Challenges

As cable MSOs worldwide prepare for the transition to cloud-based services with the deployment of home video gateways and IP-based set-tops, demand for traditional set-tops has decreased at **Cisco**, which is already transitioning to more of a cloud-based future. Revenues at the unit, which had an annual order rate of more than \$2.6bln, declined 20% YOY in 3Q from weak sales in emerging markets like Brazil, Russia, Mexico, India and China. Orders for all emerging markets declined 21% YOY. And things ain't getting better moving forward: The unit is expected to see a 4% to 5% decline for a number of quarters, chmn/CEO *John Chambers* said on the company's earnings call last week. "What we're going to do on that, however, is continue to accelerate the movement to the cloud which has much higher gross margins," he said. Another reason for decrease in set-top revenue is the launch of 2 new platforms, Network Convergence System (NCS) and Carrier Routing System (CRS-X) during the quarter, which saw "slower growth than anticipated," Chambers said. Service providers are still evaluating these technologies before deploying, he said. The recently reported NSA surveillance activities might have impacted Cisco and other US brands as well, especially in China, although the impact seemed to be "fairly nominal" in other countries, said Chambers. "It's certainly causing people to stop and then rethink decisions, and that is I think reflected in our results," *Rob Lloyd*, pres, development and sales said on the call. Similar to emerging markets, the North American set-top box market is in the middle of a series of "significant technology shifts," resulting in some shipment declines, according to **Infonetics Research** analyst *Jeff Heynen*. In 2Q, **Pace** overtook Cisco to become the top set-top vendor worldwide, the research firm said. **Arris** soared into the #3 spot, helped by its acquisition of the **Motorola Home** division earlier this year.

PS4 Sales: **Sony** sold more than 1mln PlayStation 4 consoles in North America during the 1st 24 hours of sales, ac-

ording to **Sony Worldwide Studios** pres *Shuhei Yoshida*, who 1st shared the sales numbers on **Twitter**. The console was launched on Fri, a week before **Microsoft's** Xbox One's scheduled debut on Nov 22. Sony acknowledged some reported issues with the devices, including no picture or sound coming from the TV. The company posted a troubleshooting guide on its US website.

STB Deployment: **Mediacom** will deploy the Pace MG1 Multi-tuner Media Gateway with **TiVo's** Advanced User Interface this month across its footprint, **Pace** said. The MSO chose the platform for its ability to offer an integrated whole home DVR solution, according to Pace. The platform, launched in Aug, is expected to enable cable MSOs to offer linear TV, VOD and interactive content across devices.

Online: **PlayOn**, the media server software that streams online videos to TVs and mobile devices, launched its PlayCast channel in the **Roku** channel store, allowing Chromecast-like ability to send video from a PC browser to a Roku-connected TV. The service works across different browsers, including Chrome, Firefox, Internet Explorer and Opera.

Speed Game: Network vendor **Infinera** teamed with **Zayo Group**, which provides fiber-based broadband infrastructure technology for companies including cable and satellite providers, to offer 1 terabit per second (1Tb/s) super-channel transmission capacity in support of the SCinet network for Super Computing 2013 this week, the companies said. SCinet is a specialized network created each year to support the Super Computing conference. Zayo will demonstrate the provisioning of 100 Gigabit Ethernet service at the event.

Rovi: Interactive program guide provider **Rovi** scored a deal with **Microsoft** to offer TV listing data for the company's Xbox One, to be launched on Nov 22. Microsoft will also use TV listings, reviews, program imagery, celebrity profiles, rich descriptors and other TV show and movie information from Rovi to populate OneGuide, the new console's electronic program guide platform.



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