

CableFAX Daily™

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What the Industry Reads First

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Comcast CFO: TWC Deal Could Boost Commercial Services

Perhaps a less-talked about aspect of the **Comcast/Time Warner Cable** merger is business services. Not the sexiest subject, but Comcast's \$3.5bln commercial services segment stands to get even bigger under the acquisition, especially on the enterprise side covering large businesses. The majority of Comcast's total business service revenue currently comes from small and mid-sized companies. "The enterprise side is one we haven't begun to move into" and adding premium enterprise markets like NY, LA and Dallas, as well as the 19 out of the top 20 markets in the country, "we think that's an enormous growth opportunity for us," Comcast CFO *Michael Angelakis* said at the **Morgan Stanley** 2014 Technology, Media and Telecom Conference Tues. On the other hand, the deal doesn't have much to do with WiFi, although accelerating WiFi growth is still a big priority at Comcast, Angelakis said. "We see WiFi primarily as an extension of our broadband service," he said. Meanwhile, the Comcast/**Netflix** interconnection agreement is "not as big of a deal as the press has made it," he said. "There's a lot of misinformation... This is just a normal commercial relationship." For Comcast, he said it's simply about "providing good Netflix experience" to its subs. Late Mon at the same conference, Netflix CFO *David Wells* described the deal as an opportunity to "shore up the long-term subscriber experience," noting some past "choke points around peak period usage times" for Netflix subs on Comcast. Netflix might ink similar interconnection agreements with other providers. However, "not all ISPs are created equally... We're not going to be interested in doing something that's going to meaningfully change the economics for us," he said. Back to the TWC merger. Angelakis said it's too early to determine potential divestiture markets for the 3mln subs, a question on top of mind for everyone, especially **Charter's Tom Rutledge**. Angelakis pointed to Comcast's '09 initiative Project Cavalry as a good indication of how the integration will develop post merger. The project was designed to add more digital and HD channels, expand VOD and upgrade to advanced broadband technology. "You will see a similar kind of transformation overtime," he said.

Investor Conference: With the purchase of **Intel's** video streaming platform **OnCue**, **Verizon** is already in talks with content providers to launch an OTT video service, chmn/CEO *Lowell McAdam* said at the **Morgan Stanley** conference Tues. "The set-top box in an OnCue environment is a little bigger than the tip of my thumb," he said. The CEO has

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Albert Cheng, Disney/ABC Television Group

Cameron Clayton, The Weather Company

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Brooks Tobey, Turner Broadcasting System

Ken Todd, Showtime

Gemma Toner, Cablevision Systems

Nick Troiano, BlackArrow

Michael Willner, Penthera

Steve Youngwood, Nickelodeon

Matt Zelesko, Time Warner Cable

Join CableFAX on March 13 in NYC for the Digital and Tech Awards Luncheon where we'll honor these innovative experts.

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seen signs of video cord cutting: A few years ago the telco signed up an equal number of broadband and video subs, but now “we’re seeing significant divergence. People are buying a lot more broadband.” But thanks to the telco’s LTE technology, “you could do a wireless over-the-top,” he said. McAdam said large content providers realize it’s important to add OTT to the mix. “We’re going to work with them and find a model,” he said. (See **DISH-Disney’s** deal below in “Deal’s Done”) Following **Comcast’s** interconnection deal with **Netflix**, Verizon plans to have a similar agreement with the streaming service, he said. That should resolve the recent standoff between the companies: Netflix has complained streaming speeds for FiOS subs dropped double digits between Dec and Jan. Meanwhile, although FiOS is gaining traction in rural markets, McAdam said the real opportunity is still in major metro areas. NYC is the fastest growing market for FiOS. -- Don’t count on **Discovery Comm** to make any M&A moves in the US, at least not in the near term. The company’s domestic scale is “excellent,” CFO *Andrew Warren* said, with the company is mostly looking at international opportunities. “We look at [international M&A] very much on a market-by-market basis,” he said. The company completed the acquisition of the **SBS Nordic** operations of **ProSiebenSat.1 Group** last year, adding 12 TV nets and digital brands to Discovery’s portfolio in the EU. Integration and synergies exceed expectations, Warren said. Discovery also took a controlling 51% stake in **Eurosport International** last month. But Warren said the deal doesn’t mean Discovery will become a major sports content provider as it’s simply about broadening the programming beyond non-fiction based on specific regional opportunities.

Deal’s Done: It took months for **DISH** and **Disney** to sign on the dotted line, and the implications of their multi-year deal are still being hashed out. A few takeaways: 1) That OTT service that DISH promised to launch will feature Disney content, with the deal giving the DBS op the right to stream certain nets. “The authenticated services appear targeted to the 5 to 10 million homes that are ‘broadband only’ or ‘cord nevers,’” **MoffettNathanson** analysts concluded, pointing to the announcement’s wording. That jives with similar statements on the OTT service from *Charlie Ergen* during DISH’s 4Q earnings calls. The service would apparently only allow 1 simultaneous stream per viewer, making it not a suitable replacement for traditional households with multiple TVs. “We believe Disney insisted on language that the (hypothetical) Dish service must meet minimum conditions in order to launch. In other words, Dish probably has to carry a certain number of (other companies’) networks (i.e. networks comprising a certain audience share) in order to launch,” said **Sanford Bernstein** analysts. 2) DISH will now carry Disney’s “WATCH” TVE offerings. 3) DISH’s Prime-Time Anytime will continue to record all **ABC** primetime shows, but will disable automatic commercial skipping within the C3 ratings window. **Wells Fargo Securities** believes it’s a win for both companies: “While no financial details were disclosed, we would venture to guess that both sides got what they needed as this seems more like an agreement between partners rather than adversaries.” 3) Disney picked up carriage of new nets, with DISH agreeing to launch the **SEC Network** nationwide in Aug. A big win considering **AT&T U-verse** is the only other distributor on board so far. DISH also will add **Disney Junior, Fusion, Longhorn Network** and **ESPN3**. 4) All litigation between the 2 will be dismissed, including the AutoHop dispute. Now, what about the other broadcasters? 5) In addition to renewal of cable nets, the deal renews carriage for ABC’s 8 O&Os.

Advertising: Tired of watching the same “Two Broke Girls” promo over and over again through **CBS VOD**? Relief is on the way. CBS launched dynamic ad insertion for its on-demand programming via **Canoe**, giving advertisers the flexibility to easily change ads at any time within its VOD programming. It also offers CBS the chance to monetize content beyond the traditional 3-day window.

Energy Alert: Want to know how much energy your set-top box is using? Check out energy.cablelabs.com, which details energy info for the 6 largest cable operators. The site is one of the transparency commitments the industry made under a voluntary agreement aimed at improving energy efficiency of set-tops. The voluntary agreement’s steering committee met last week, with set-top maker **Pace** joining the initiative. It was the 1st meeting that energy advocates reps attended as voting members, having just signed on to the expanded agreement in Dec. Highlights, according to **NCTA**, included a finalized Request for Proposal seeking bids for a contractor to conduct verification testing in HHs to confirm posted efficiency levels are being achieved.

Broadband: **Comcast** announced Tues that it will continue its broadband adoption program for low-income families indefinitely, beyond its initial 3-year commitment under the **FCC’s NBCU** transaction conditions. It also announced

\$1mln+ in grants to dozens of nonprofits to create “Internet Essentials Learning Zones.” The grants are part of a program to recognize communities that have done the most to help close the digital divide. In addition to grants, families in those communities and that are not current customers can sign up for 6 months of complimentary Internet service if they apply and are approved for the program by Mar 18.

At the Portals: And the winner is **DISH**... It walks away from the **FCC**'s H-block action with 176 licenses for \$1.56bln. -- With the spotlight on whether the **FCC** might require broadcasters' joint sales agreements/shared service arrangements to be dissolved, **Natl Assn of Black Owned Broadcasters** has stepped up to say it no longer is flat-out against them. Instead, it believes they should be examined on a case-by-case basis to see if they have the potential to promote diversity of ownership. NABOB has previously opposed JSAs and similar arrangements, saying they appeared to be “gimmicks” for group licensees to avoid the intent of local ownership rules. “However, NABOB and the Commission are faced with an unfortunate fact. Two of the three full power television stations licensed to African Americans are being operated under JSA and SSA agreements,” the assn told the FCC in a filing last week. -- The **FCC** announced new task force **CONNECT2HEALTHFCC**, which will examine ways to accelerate the adoption of health care technologies by leveraging broadband and other next-gen communications services. FCC chmn *Tom Wheeler* announced *Michele Ellison* as chair of the Task Force and his intent to name her deputy gen counsel. Ellison has served as Enforcement Bureau chief since '09. Wheeler intends to tap *Travis LeBlanc* as acting Chief of the Enforcement Bureau.

Carriage: **Entertainment Studios**' suite of nets is now available in more than 75 markets, with recent launches on **CenturyLink**, **RCN**, **Metrocast**, **Buckeye**, **Geus** and **Vermont Telephone**.

Business Services: **Time Warner Cable** launched an HD video offering for healthcare facilities that aims to create a viewing experience similar to what patients would find at home. In addition to HD, the service includes free VOD, an IPG, the ability to pause live TV and works with most bedside pillow speakers.

Programming: **USA** greenlit a new drama pilot from *Sean Jablonski* (“Suits,” “Nip/Tuck”) to a 10-ep series for a summer premiere. The untitled original starring *Matt Passmore* follows an investment banker through the accidental discovery of his wife's involvement with a male escort. -- **TruTV** said yes to its 1st sketch-comedy series. The 10-ep “Friends of the People” is slated to launch this summer.

The Weather Must Go On: With or without **DirecTV**, that is. At **Weather Channel's** “AllFront” in NYC Tues morning (i.e. weather on all fronts—cable, digital, mobile), chief global revenue officer *Curt Hecht* outlined a ‘have content, will travel’ strategy across all screens. “There's no reason to keep [web content] captive on PC or mobile. It should be on cable,” he said. “That's what you're asking for, we're going to program that way, we're going to deliver it that way,” he told advertisers. When it comes to ad formats, the company's going native. “It may be in mobile, it may be on PC. We're doing it in cable,” Hecht said. Thirdly, the company is focused on “moving the currency from impressions and CPMs to sales,” by leveraging weather data and conditions to transact sales for clients. Execs also touted the net's original programming, such as the upcoming **AMHQ** with *Sam Champion* (premieres Mar 17), which will include heavy mobile integration designed “for the way we wake up today,” Champion said. A huge part of that is geo-location. In the coming months, weather accuracy will increase from the channel's current 100K different locations to 35mln worldwide, according to Champion's co-host *Mike Bettles*. New programming announced includes “Tornado Alley” (April 28 premiere), a series on spearfishers called “Catching Hell” (June 1), “Now What?” (Q3 premiere), which tackles weather-related emergencies, and a show about weather-inspired legends called “Wicked in the Weather” (Q4 premiere). In addition, the net announced 4 more “Video Minutes” series in the pipeline, the digital film series “Weather Films: Investigates” and 5 eps of “Will to Live,” a TV series about dramatic stories of surviving nature. On tech: The net's current app has had 130mln downloads to date, according

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to svp, digital products *Kevin Doerr*. He offered a sneak peek of a new app on the way. It will include a way to geolocate users and deliver related imagery, as well as more content (breaking news, video forecasts, crowdsourced weather and branded background integrations, to name a few).

Marketing: **Starz** is giving folks multiple chances to see Season 1 of "Da Vinci's Demons" before the Season 2 premiere on Mar 22. The premium net is offering the entire 8-ep first season to all US residents online at Starz.com and on Starz Play. Several MVPDs are offering the entire season on their VOD and online platforms. Starz also will run a catch-up marathon Mar 17-20, with 2 eps airing each night.

People: Big promotion for *David Nevins*, who signed a new deal with **Showtime Nets** that will keep him at the company through '18. Nevins, who joined the programmer in 2010, was bumped up to the newly created role of pres, adding oversight of Showtime Sports as well as the company's marketing, creative and digital media divisions. -- *Damon Burrell* was named svp, consumer marketing and advertising for the **Nickelodeon Group**. -- Starz upped *Lauren Ruetz* to vp, media strategy & planning. -- **WE tv** promoted *Theresa Patiri* to svp, production & biz affairs. -- Former **Disney** exec *T.J. Marchetti* joined **AwesomenessTV** as CMO.

CableFAX Daily Stockwatch

Company	03/04 Close	1-Day Ch	Company	03/04 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
21ST CENTURY FOX:	33.79	0.73	GOOGLE:	1214.91	12.22
DIRECTV:	77.95	(0.01)	HARMONIC:	6.69	0.29
DISH:	59.56	0.68	INTEL:	24.61	0.11
DISNEY:	81.71	2.25	JDSU:	13.97	0.25
GE:	25.65	0.53	LEVEL 3:	37.44	0.92
MSOS					
CABLEVISION:	17.97	0.33	MICROSOFT:	38.41	0.63
CHARTER:	128.22	2.53	NIELSEN:	46.96	0.67
COMCAST:	51.36	0.36	RENTRAK:	65.38	1.52
COMCAST SPCL:	49.83	0.46	SEACHANGE:	10.60	0.11
GCI:	10.88	0.45	SONY:	17.36	0.15
LIBERTY GLOBAL:	43.32	(41.6)	SPRINT NEXTEL:	9.19	0.36
LIBERTY INT:	29.21	0.37	TIVO:	13.75	0.29
SHAW COMM:	23.11	0.10	UNIVERSAL ELEC:	43.64	0.97
TIME WARNER CABLE:	140.09	0.86	VONAGE:	4.62	0.11
PROGRAMMING					
AMC NETWORKS:	76.38	0.75	YAHOO:	39.63	1.38
CBS:	67.42	1.47	TELCOS		
CROWN:	3.57	0.19	AT&T:	32.15	0.29
DISCOVERY:	83.97	1.89	VERIZON:	47.90	0.59
GRUPO TELEVISIA:	31.36	1.82	MARKET INDICES		
HSN:	57.75	0.89	DOW:	16395.88	227.85
INTERACTIVE CORP:	78.35	0.77	NASDAQ:	4351.97	74.67
LIONSGATE:	29.81	(0.18)	S&P 500:	1873.91	28.18
MADISON SQUARE GARDEN:	56.84	(0.77)			
SCRIPPS INT:	81.31	0.41			
STARZ:	32.66	0.55			
TIME WARNER:	66.98	0.51			
VALUEVISION:	5.66	0.42			
VIACOM:	87.05	1.00			
WWE:	26.24	3.04			
TECHNOLOGY					
ADVANTAGE:	3.15	0.09			
ALCATEL LUCENT:	4.25	0.08			
AMDOCS:	44.77	0.52			
AMPHENOL:	89.98	2.20			
AOL:	44.83	1.23			
APPLE:	531.24	3.48			
ARRIS GROUP:	29.19	0.89			
AVID TECH:	6.76	0.06			
BLNDER TONGUE:	1.00	0.02			
BROADCOM:	30.12	0.36			
CISCO:	21.82	0.25			
CONCURRENT:	8.51	0.22			
CONVERGYS:	20.69	0.55			
CSG SYSTEMS:	28.24	0.68			
ECHOSTAR:	49.81	(0.22)			

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