

CableFAX Daily™

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What the Industry Reads First

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Neil Smit: Comcast Scores Sony Deal, Quick TWC Integration Expected

Comcast's investor presentation Mon generated plenty of headlines about its Electronic Sell Through (EST) deal with Sony, but don't worry. There were still plenty of comments on the planned Time Warner Cable merger. Assuming the combo receives regulatory approval, the companies will tackle integration "at a fairly quick rate," Comcast Cable pres/CEO Neil Smit told the Deutsche Bank confab. "We will go into [some markets] more aggressively," he said. Priorities include going all digital in TWC's footprint, upgrading broadband speeds and rolling out new services. "I would like to see a lot of the initiatives rolling out in the first year," said Smit. Having similar integration plans would make the process easier. According to Smit, despite slight difference on bundling strategy, Comcast and TWC are "very well aligned" generally on integration. The merger is expected to generate around \$1.5bln in synergies in 3 years. Smit reiterated the bulk of the synergies would be revenue driven rather than cost-related. Charter still has its eyes on TWC. In a separate presentation, pres/CEO Tom Rutledge reiterated that "all options are on the table." The company is closely watching the transaction, including potential divestitures, he said. That said, "we don't need M&A to be a successful company," according to the exec (see "Conference Notebook" for more Rutledge remarks). Discovery Comm pres/CEO David Zaslav, also speaking at the conference, simply said "we will have to see what it [the merger] means and how it plays out." John Malone is among Discovery's main shareholders. Verizon Comm wasn't worried about the proposed merger, especially since it competes with both already, CFO Fran Shammo said in a separate presentation. "I will just compete against Comcast tomorrow," he said. Back to the Sony deal... It would offer Comcast subs access to Season 1 of "House of Cards" (without Netflix membership) and early release movies via their set-tops. The move follows the MSO's similar pacts with 21st Century Fox, Warner Bros, NBCU and Lionsgate. "The value of the product [EST] is the currency... It comes out before VOD, and you don't have to go to a laptop or a smartphone. You can order it right from your TV," Smit said. Moving forward, Comcast's content acquisition approach will focus in live linear content, current seasons of shows and library content, he said.

At the Portals: The FCC Media Bureau seeks comment on Buckeye's petition for a waiver of the "integration ban," which prohibits MVPDs from deploying new set-tops that perform conditional access or other functions in a single device. Buckeye wants a waiver for a hybrid box that combines a unidirectional QAM digital terminal adaptor and an IP video interface

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in one box (the QAM portion has integrated security, while the IP portion uses downloadable security). Its waiver request features **Evolution Broadband's** hybrid box. Comments are due Mar 27, with Buckeye's reply due Apr 7.

Dodgers Dance: As opening day nears, **Time Warner Cable** and **Bright House** are still the only announced affils for **Dodgers** net **Time Warner Cable SportsNet LA**. **DirectTV** said it is in discussions on how to provide the net for all its customers, fans and non-fans. "There's no question we prefer to continue to carry Dodgers games, but we believe if the price is not fair and reasonable for the millions of families living in metro Los Angeles, let alone Central California, Nevada and Hawaii, they should have the freedom to choose whether or not they want to pay for games they may not watch," the DBS provider said. Meanwhile, TWC is gearing up to launch SportsNet LA's out-of-market feed on Mar 27. It will be carried on the "Sports Pass" tier, essentially in the same markets that Time Warner Cable SportsNet is carried in the out-of-market areas. Of course, live games will be blacked out outside Dodger territory.

Digital: Warner Bros' rumored investment in digital content producer **Machinima** became official Mon with the announcement of \$18mln of financing led by Warner (existing investors **MK Capital**, **Redpoint Ventures** and **Google Capital** also participated). The deal could help Machinima get into a more favorable distribution model than **YouTube**. "There are myriad opportunities to connect Warner Bros.' content to our audience across YouTube and our highly successful apps, and similarly to maximize the value of our content by utilizing Warner Bros.' expertise in global distribution beyond YouTube," said Machinima chmn/CEO **Allen DeBevoise**. -- **Netflix** added more ISPs to its monthly speed index, providing info on which providers offer the best Netflix streaming service during primetime. "We expanded the list to provide insight into the performance of many of the smaller providers in the US and to give credit where it is due," said a Netflix blog post. Small op **Midcontinent** placed 2nd, behind **Google Fiber** in the expanded rankings. **Cablevision** was still tops among major fixed ISPs, but Netflix expects to see **Comcast's** performance improve next month as a result of their recent agreement. It ranked #11 for Feb. The full list is available at ispspeedindex.netflix.com. -- **WeatherNation**—which continues to be **DirectTV's Weather Channel** replacement—announced that it's now available on **Roku**. -- About 4.8mln authenticated devices were verified during **NBCU's** coverage of the Sochi Olympics. That was a 50% increase from the Vancouver Games and 8% higher than the London Games.

Conference Notebook: One of **Charter's** biggest opportunities in the next few years is WiFi, pres/CEO **Tom Rutledge** said Mon. "We will have the ability to probably do something along the lines of a 'wireless drop,' meaning a wireless connection for every household, which might not even require a physical connection between the house and the street," he said, adding the plan can be done through a combination of unlicensed and licensed spectrum. Charter's 3-year plan also includes rolling out DOCSIS 3.1 and achieving broadband speeds of 10 Gbps, he said. On the TV side, Rutledge said having a user interface that enables advanced content discovery and recommendations is critical, especially for VOD services. The MSO also wants to improve remote control features, and also sell more triple-play products so it can install multiple services in one truck roll. "Taking transactions out of the business actually increases customer satisfaction... The opportunity for things to go wrong are legendary. I mean, people make movies about it—*Cable Guy*. Getting that out of the business dramatically improves satisfaction," he said.

Upfronts: The message of **Cartoon's** upfront is "Always On," which includes original programming for the net on multiple digital formats. Some examples include "Rocket Jo," an adventurer set on getting his jet-pack to propel him, and Season 2 of "Angelo Rules," which shows the daily battle of being a kid. Later this year, the net will introduce micro-network "Cartoon Network Anything," aimed at mobile phones and small screen devices. Think games, 10-15 video clips, trivia, with more appearing with a simple swipe of the screen. New programming for the net includes the latest update on a classic in, "Be Cool Scooby-Doo!" and the net's 1st miniseries "Over the Garden Wall" (voiced by *Elijah Wood* and *Collin Dean*).

Boston Strong: **Universal Sports** debuts 15-ep series "Run as One" on universalsports.com to tell personal stories of those affected by the Boston Marathon bombings last year. Universal Sports is working with distributors to provide free previews as the Boston Marathon gets closer. Affiliates offering free previews during Apr include **Time Warner Cable**, **Cox**, **Verizon FiOS**, **Google Fiber**, **DirectTV** and **DISH** and some regional cable and IPTV operators across the country.

Ratings: If the buzz at the water cooler Mon morning didn't tip you off, here's the official stat: "True Detective" is **HBO's** most-watched freshman series since "Six Feet Under," averaging 11mln viewers today (Six Feet had 11.4mln

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in '01). Sun's finale was watched by a series high 3.5mln viewers, up 50% from its 2.3mln premiere. The finale actually overwhelmed TVE app HBO Go, which attributed problems Sun night to an excessive amount of traffic soon after 9pm ET. The net said the issue has been rectified and service is back to normal. -- **OWN's Lindsay Lohan** reality series debuted Sun with 693K total viewers. It scored a .56 among women 25-54, its highest rating in the Sun 10pm hour in 27 weeks among that demo.

Apps: Starz launched 2 apps in conjunction with the upcoming Season 2 premiere of "Da Vinci's Demons" on March 22. The "Your Portrait by da Vinci" digital app gives users their very own portrait drawn by uploading a photo or connecting to their **Facebook** account to select an image. The "Dark Side of Genius" interactive quiz measures users' intelligence level and their propensity "towards a much darker side of madness," placing users on an X/Y grid with some of the greatest minds in history including *Leonardo da Vinci*.

People: TiVo snagged former **DISH** CMO *Ira Bahr* as its new chief marketer. At DISH (Jan '09-Dec '11), Bahr oversaw product planning and marketing for the Hopper as well as its 1st mobile app. -- **Univision** named former **Pilot Group** partner *Marshall Cohen* evp, corporate research, reporting to digital and ent dev pres *Kevin Conroy*.

CableFAX Daily Stockwatch

Company	03/10 Close	1-Day Ch	Company	03/10 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
21ST CENTURY FOX:	33.69	(0.22)	HARMONIC:	6.65	(0.04)
DIRECTV:	79.11	(0.53)	INTEL:	24.84	0.20
DISH:	60.96	(1.35)	JDSU:	13.72	(0.07)
DISNEY:	81.97	(0.24)	LEVEL 3:	37.09	(0.53)
GE:	26.04	(0.09)	MICROSOFT:	37.82	(0.08)
MSOS					
CABLEVISION:	17.97	(0.18)	NIELSEN:	46.25	(0.03)
CHARTER:	128.54	1.54	RENTRAK:	64.49	0.08
COMCAST:	51.52	(0.11)	SEACHANGE:	10.22	(0.07)
COMCAST SPCL:	50.31	0.09	SONY:	18.04	0.09
GCI:	10.53	0.11	SPRINT NEXTEL:	8.71	0.08
LIBERTY GLOBAL:	43.40	(0.15)	TIVO:	13.21	(0.02)
LIBERTY INT:	29.50	0.16	UNIVERSAL ELEC:	42.88	(0.37)
SHAW COMM:	23.47	(0.08)	VONAGE:	4.57	0.14
TIME WARNER CABLE:	139.88	(0.33)	YAHOO:	38.05	(0.65)
PROGRAMMING					
AMC NETWORKS:	76.51	(0.62)	TELCOS		
CBS:	66.76	(0.64)	AT&T:	32.51	(0.03)
CROWN:	3.92	0.20	VERIZON:	47.03	(0.12)
DISCOVERY:	85.65	0.13	MARKET INDICES		
GRUPO TELEVISIA:	31.47	0.35	DOW:	16418.68	(34.04)
HSN:	59.99	2.10	NASDAQ:	4334.45	(1.77)
INTERACTIVE CORP:	76.48	(0.52)	S&P 500:	1877.17	(0.87)
LIONSGATE:	31.79	(0.19)			
MADISON SQUARE GARDEN:	57.55	(0.17)			
SCRIPPS INT:	80.98	(0.91)			
STARZ:	32.67	(0.33)			
TIME WARNER:	68.53	0.23			
VALUEVISION:	5.78	0.01			
VIACOM:	88.94	0.66			
WWE:	30.09	0.45			
TECHNOLOGY					
ADVANTAGE:	3.13	0.02			
ALCATEL LUCENT:	4.13	0.01			
AMDOCS:	45.17	0.08			
AMPHENOL:	90.49	0.28			
AOL:	43.60	(0.44)			
APPLE:	530.92	0.48			
ARRIS GROUP:	28.82	(0.26)			
AVID TECH:	6.90	0.08			
BROADCOM:	30.66	0.09			
CISCO:	21.69	(0.04)			
CONCURRENT:	8.69	0.10			
CONVERGYS:	20.78	(0.04)			
CSG SYSTEMS:	28.48	0.10			
ECHOSTAR:	51.00	0.45			
GOOGLE:	1211.57	(3.22)			

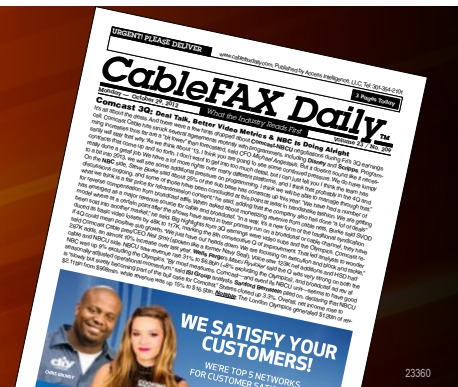
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Rovi: From Consumer to B2B

Since *Peter Halt* was appointed CFO in 2012, Rovi has gone through major transformation. “We inherited a company that, candidly, needed to get its focus back,” Halt said at the **Morgan Stanley** Technology, Media & Telecom Conference last week. The old Rovi got into “some businesses that were outside of our core DNA” such as the video delivery and display business, but the company is really a B2B service provider, he said. That’s why Rovi has sold or is in the process of selling services that deal directly with consumers: It unloaded its struggling Rovi Entertainment Store (private-label digital content sales) and consumer website businesses last July and is looking to shed its DivX video codec licensing business. The 2010 purchase of Sonic Solutions, which included DivX, “made us difficult to understand and was a drain on our management’s time and attention,” Halt said. The company has since narrowed its focus to providing metadata and content discovery services to pay-TV providers and device vendors, Halt said. “We’re out of the video and display business, but the service we provide helps people find entertainment,” especially in a 2nd screen world, he said. As OTT consumption grows, vendors have realized it’s important to provide more than just the set-tops, he said. It’s about providing a user platform that enables both linear and OTT video and metadata—and discovery is a big part of that, he said. He noted Rovi’s biggest customers for metadata are consumer electronics companies looking to provide apps that help people find not just TV content, but music and more. To beef up its content and discovery business, Rovi recently agreed to acquire **Veveo**, the personalized and contextual search tech firm. “We’re already a player in search and recommendation, but [Veveo] played in a unique niche... People were buying their technology and layering it on top of basic search recommendations. Their contextual and voice search [technologies] are particularly fascinating. Combining with what we offer, we can take a leadership role in search and recommendation,” Halt said.

Perhaps the purchase would help Rovi accelerate its expansion in content discovery on mobile platforms. It recently scored a multi-year patent licensing deal with **Samsung** for the use of its video discovery patents and technologies across Samsung’s mobile and tablet devices worldwide. *[To learn more about entertainment metadata from Rovi, consultant/analyst Colin Dixon and other industry experts, register for CableFAX’s webinar on April 16].*

SCTE: SCTE announced the shortlist for its 2014 Technological Innovation Awards. Winners will be announced at the SCTE Annual Gala Dinner on Mar 22. Among companies represented in the various award categories are **Arris** (“Best broadband network transmission solution”), **Elemental’s** 4K HEVC Implementation (“Best digital processing solution”) and **SeaChange** (“Best CPE solution”).

Nielsen’s Take: Perhaps it’s no surprise, but video viewing on smartphones is increasing, according to a **Nielsen** report. At the end of ’13, US consumers spent an hour and 23 mins per month viewing video on their phones, vs just 1 hour a year earlier. At the same time, overall viewing of video over the Internet jumped from an average of 5 hours and 54 mins in 4Q’12 to 7 hours and 34 mins in 4Q ’13. As for linear viewing, it accounted for an average of 155 hours and 32 mins per month, slightly down YOY. Meanwhile, the number of HHs with digital video recorders, HDTVs, game consoles and tablets all increased over the previous year, while the number with DVD or Blu-ray players dropped slightly. The number of HDTV HHs grew from 89.3mln at the end of ’12 to 97.7mln at the end of ’13 while DVR HHs increased to 54.5mln from 50.7mln. Game console HHs reached 51.3mln from 50.6mln as tablet HHs jumped to 33.5mln from 19.7mln. DVD/Blu-ray HHs decreased from 95.2mln to just under 95mln. The number of viewers watching time-shifted content grew to 174mln from 159.7mln a year ago as the average time spent watching time-shifted TV increased to 14 hours and 40mins from 12 hours and 38mins per month.

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