

# CableFAX Daily™

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What the Industry Reads First

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## Cable Execs: Still Cautious on Broadband-based Video Model

DISH's unprecedented distribution deal with **Disney**, which includes extensive digital rights and plans to launch a streaming service, may become a blueprint of sorts in the future. But for now, several execs, speaking at the **Deutsche Bank** media/telecom conference Tues, remain cautious. **Time Warner** chmn/CEO *Jeff Bewkes* isn't "philosophically opposed" to the idea of offering OTT video service if such plan doesn't undercut the traditional pay-TV revenue model. "It's important, as an industry, to try to serve all the segments," he said. However, he questioned whether broadband networks could handle massive video streaming, and even if they did whether such a service would succeed offering fewer channels than traditional TV providers. When distributors offer packages of fewer channels for lower prices, "consumers don't elect to have them very often," Bewkes said. But he said providers will continue to experiment with different OTT models. **DirectTV's** aggressive bid for **Hulu** last year went nowhere because the streaming service was pulled off the table by its investors. But chmn/CEO *Mike White* said he's on the lookout for other SVOD opportunities. He also wants to see the specifics of the **DISH/Disney** deal. But when it comes to OTT economics, White said, "You can't kid yourself... If you take away the pay-TV revenues from the average broadband providers, they are going to have to make it up from somewhere else" such as usage-based pricing. Meanwhile, **21st Century Fox** pres/COO *Chase Carey* argued that digital distribution benefits his company, and "we need to be in that place." But "we need to be disciplined about it," he said. While he expects virtual MSOs in the near term, whether they are from **Verizon** (enabled by its recent **Intel Media** acquisition) or DISH, providers need to avoid a "me-too service." The key is to ensure it's a unique offering, he said.

**The Sweeney Question:** With *Anne Sweeney* moving to the director's chair, who is going to fill her very big shoes at **Disney**? You could feel the shockwaves across the industry Tues as news broke that the Disney Media Networks co-chair and Disney/ABC Television Group pres would step down by year-end to become a television director. After the initial, "huh?", the next question was: "who gets that job?" Disney CEO *Bob Iger* told *The Hollywood Reporter*, which got the exclusive interview with Sweeney on her departure, that he hopes to have a replacement before the end of TV's pilot season in May. In a statement, Sweeney, 56, described her decision as a chance to follow the nagging voice in the back of her head to "step out of the comfort zone of the executive ranks and more directly into the creative arena that enticed

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me to TV in the first place.” And Iger swears the decision was Sweeney’s alone. That seems believable given her 18-year track record at the company. Despite recent rating losses at **ABC**, her trajectory includes plenty of hits—from **Disney Channel**’s success story to **A+E Networks**’ upswing to her insistence that Disney be a trailblazer in putting content on new platforms, including its TVE “Watch” products. It sounds like Iger is eager to replace her from within, with the CEO telling THR that “we have considerable talent in the company and I am convinced that we have the talent to replace Anne.” Possibly good news for *Nancy Dubuc*? No one is talking names at this point, but it certainly presents a number of what-if scenarios that would have reverberations across multiple networks. In the meantime, Sweeney will be with Disney through the end of the year (her contract is up in Jan). And maybe we’ll see her name in the directing credits fairly soon...

**Longest Tennis Match Ever:** The **US Supreme Court** didn’t want to hear **Tennis Channel**’s appeal of a DC Circuit decision that found **Comcast** didn’t discriminate against the net by relegating it to a sports tier, but that’s not stopping the network’s fight for broader carriage. The DC Circuit’s decision overturned an **FCC** ruling to the contrary, and now Tennis Channel is hoping to re-engage the Commission. The net filed a petition requesting the FCC initiate further proceedings and reaffirm its original decision that Comcast is illegally discriminating against it. “Last year, when the US Court of Appeals for the DC Circuit vacated the FCC order that Comcast provide Tennis Channel with carriage equivalent to that of its wholly owned **Golf Channel** and **NBC Sports Network**, it did so on the basis of tests that the Commission did not use in evaluating the case. Now that the Supreme Court has declined to hear this case, it is time for the Commission to consider the Appellate Court’s tests in light of the existing evidentiary record,” Tennis said. In a statement, Comcast said Tennis’ filing “simply reiterates arguments that the court of appeals and the Supreme Court have already rejected. We hope the FCC will agree with the Court’s rulings and do the same.”

**Investor Conference:** In addition to potential broadband and net neutrality issues, the proposed **Comcast/Time Warner Cable** merger raised concerns about “whether this is still a local business... or whether it’s becoming a national business,” **DirectTV** chmn/CEO *Mike White* said Tues. Meanwhile, White said he’s looking to create “a 2-page bill that you can actually understand,” an important simplification initiative as “it’s harder and harder for things not to devolve into price competition” in a mature pay-TV industry. “We have all made our business more complicated than the average consumer understands, and that creates challenges for the bill down the road,” he said. – Having scored carriage deals with both **Comcast** and **Time Warner Cable** last year, **21st Century Fox**’s concern for the proposed merger centers on how it affects broadband, said pres/COO *Chase Carey*. “As you head into an on demand world, targeted advertising, an array of growth issues... if you end up with one broadband provider, what are the implications? I assume there’ll be aspects of that that are addressed.” -- **Time Warner** chmn/CEO *Jeff Bewkes* said he isn’t too concerned about the Comcast/Time Warner Cable merger—at least for now. “In the short run we don’t think there’ll be much change in our situation,” he said. “In the long run there are some questions about changes in competition that we’ll look at and the government will look at.”

**NCAA Hoops:** When **CBS** and **Turner** first formed their NCAA Men’s basketball relationship, *David Levy* received a lot of congratulatory notes. The only one he actually saved was from *Ted Turner*. “I can’t say exactly what he said in the note because some of the language wouldn’t be appropriate for this [press call], but he was very excited...” the Turner pres told reporters Tues. “This guy is truly a visionary,” continued Levy, pointing to his farsighted purchase of the Atlanta Braves and Hawks, giving him primetime content and fans across the country. “He really understood the business itself probably before anyone else did.” Turner, who is recuperating after minor surgery due to appendicitis, is set to receive a lifetime achievement award at the Sports Emmy Awards May 6. Turner is probably hoping for some Emmy recognition itself, with the programmer going all out for its inaugural Final Four telecasts next month. It’s billing the games under the moniker “Teamcast,” with **TBS** airing a national version of the game, and siblings **TNT** and **truTV** each presenting a telecast aimed at one of the participating schools. Each net will have different talent, different camera angles, different halftime shows, etc. The ad load, however, will be the same on all 3. “There is an expense to it... but we believe that if we’re going to push ourselves... sometimes it’s going to come with an expense,” Levy said. Last year, CBS and Turner exercised an option in their ’10 agreement letting TBS air Final Four games 2 years earlier than originally planned. More at cablefax.com.

**Research:** A reason to fear OTT? **TiVo**’s latest DigitalSmiths quarterly report found that more than 30% of consumers surveyed say they are overwhelmed by the number of channels offered to them: 88.2% watch the same channels over and over, 72.8% don’t order movies from VOD and 45% use subscription OTT services.

# BUSINESS & FINANCE

**On the Hill:** The House was set to vote Tues evening on the **FCC Process Reform Act** aimed at increasing transparency. The FCC recently released its own report focused on improving its operations, but House Communications subcommittee chairman **Greg Walden** (R-OR) said legislation is still needed. "Without codifying the reforms into law, there is no protection from a future chairman who may not appreciate the need for such transparency, predictability, and accountability," he said.

**Telco Video:** **AT&T** said it made 615 network upgrades in the Greater L.A. area last year as part of its Project Velocity IP investment plan. The \$1.95bn investment over a 3-year period included expanding U-verse access to 105K new customers.

**Earnings:** **Suddenlink** boasted a record 1.38mln customer relationships in '13—up 9K from '12. For 4Q, the MSO added 34.8K RGUs, including commercial, compared to 1.9K RGUs in 4Q12. For the Q, rev grew 5.9% to \$555.6mln, while adjusted EBITDA rose 14.1% to \$218.9mln.

**People:** **CableFAX** Digital Hot List honoree **Drew Pizarra** was named vp, digital media and marketing for **SundanceTV**. -- **Fusion** named **YouTube** and **Upworthy** vet **Hong Qu** as its CTO. -- **IMS Internet Media Sales** hired **Cesar Ruiz** to leads its US sales team. Ruiz, most recently of **ESPN Deportes**, will primarily focus on ad sales efforts for IMS client **beIN Sports**.

## CableFAX Daily Stockwatch

Company	03/11 Close	1-Day Ch	Company	03/11 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
21ST CENTURY FOX:	32.97	(0.72)	GOOGLE:	1199.99	(11.58)
DIRECTV:	78.95	(0.16)	HARMONIC:	6.59	(0.06)
DISH:	61.78	0.82	INTEL:	24.73	(0.11)
DISNEY:	81.05	(0.92)	JDSU:	13.29	(0.43)
GE:	25.90	(0.14)	LEVEL 3:	38.19	1.10
<b>MSOS</b>					
CABLEVISION:	17.59	(0.38)	MICROSOFT:	38.02	0.20
CHARTER:	127.74	(0.8)	NIELSEN:	46.19	(0.06)
COMCAST:	51.22	(0.3)	NIELSEN:	46.19	(0.06)
COMCAST SPCL:	50.06	(0.25)	RENTRAK:	63.52	(0.97)
GCI:	10.34	(0.19)	SEACHANGE:	10.07	(0.15)
LIBERTY GLOBAL:	44.04	0.64	SONY:	17.85	(0.19)
LIBERTY INT:	29.13	(0.37)	SPRINT NEXTEL:	8.78	0.07
SHAW COMM:	23.45	(0.02)	TIVO:	12.94	(0.27)
TIME WARNER CABLE:	139.50	(0.38)	UNIVERSAL ELEC:	42.44	(0.44)
<b>PROGRAMMING</b>					
AMC NETWORKS:	75.29	(1.22)	VONAGE:	4.41	(0.16)
CBS:	66.09	(0.67)	YAHOO:	37.56	(0.49)
CROWN:	3.87	(0.05)	<b>TELCOS</b>		
DISCOVERY:	84.65	(1)	AT&T:	32.23	(0.28)
GRUPO TELEVISA:	31.16	(0.31)	VERIZON:	46.70	(0.33)
HSN:	60.52	0.53	<b>MARKET INDICES</b>		
INTERACTIVE CORP:	75.68	(0.8)	DOW:	16351.25	(67.43)
LIONSGATE:	32.94	1.15	NASDAQ:	4307.19	(27.26)
MADISON SQUARE GARDEN:	57.62	0.07	S&P 500:	1867.63	(9.54)
SCRIPPS INT:	80.11	(0.87)			
STARZ:	32.08	(0.59)			
TIME WARNER:	67.68	(0.85)			
VALUEVISION:	5.63	(0.15)			
VIACOM:	88.39	(0.55)			
WWE:	29.92	(0.17)			
<b>TECHNOLOGY</b>					
ADVANTAGE:	3.06	(0.07)			
ALCATEL LUCENT:	4.08	(0.05)			
AMDOCS:	45.00	(0.17)			
AMPHENOL:	89.84	(0.65)			
AOL:	42.37	(1.23)			
APPLE:	536.09	5.17			
ARRIS GROUP:	28.59	(0.23)			
AVID TECH:	6.81	(0.09)			
BLNDER TONGUE:	0.96	UNCH			
BROADCOM:	30.43	(0.23)			
CISCO:	21.61	(0.08)			
CONCURRENT:	8.72	0.03			
CONVERGYS:	20.76	(0.02)			
CSG SYSTEMS:	28.01	(0.47)			
ECHOSTAR:	49.96	(1.04)			

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