

# CableFAX Daily™

Tuesday — March 18, 2014

What the Industry Reads First

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## 2 for 1: Harris Broadcast Rebrands as Imagine Communications and GatesAir

Harris Broadcast dumped its name in splashy style Mon, holding a media event in NYC to announce its rebrand as 2 companies: **Imagine Comm** and **GatesAir**. Imagine will offer a service called MediaCentral, an integrated, end-to-end platform that enables management of ad sales, scheduling and automation in the cloud by creating an architecture of modular, IP-based services. It also provides Software Defined Workflows, enabled by its SDN architecture. A goal is to facilitate TV Everywhere by optimizing video stream delivery for multiple screens. On the other end of the tech spectrum, GatesAir will encompass the broadcast side of the business, offering TV and radio over-the-air solutions to help broadcasters navigate evolving tech such as digital conversions, spectrum auctions and TV band repacking. *Charlie Vogt*, CEO for both companies, said that customers shouldn't be concerned with the change. The businesses are "2 very different technologies, and we feel like both businesses are headed in a slightly different path," he said. "You'll see us enter into a partnership agreement with the 2 companies," but a single product order will still be possible. Two companies may not be the end of the story, with Vogt suggesting more acquisitions in the future. The company's approach to M&A will be "bold and aggressive, especially in the next year," he said. "We've made already 1 acquisition... I think you're going to see more both organically as well as some strategic activity there." The unveiling event included spiels by *Steven Canepa*, IBM's gm, global media & entertainment industry, and *Vince Roberts*, CTO and evp, global operations for **Disney/ABC Television Group**. Both talked up the power of the cloud. Take Disney's TVE Watch products, for instance. "The only way this works is in a cloud environment," Roberts said. "It's all living in a virtual environment." Working in the cloud "at the end of the day, gives us, broadcasters, scale and agility to change the business model, change the business plan and move freely and quickly into different businesses and opportunities. So we are big, big believers in the platform," Roberts said.

**Over-the-Airheads:** Not a good day to be a broadcaster. Both **UBS** and **Wells Fargo Securities** downgraded the sector Mon based on regulatory concerns after spending a day in DC. "Quite honestly, we are frustrated with the call given that we really like the underlying fundamentals of the business, as we see strong core and political advertising revenue trends, robust FCF generation, and a nice growth trajectory for net retrans," UBS said, lowering the sec-

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tor to “Market Weight” from “Overweight.” UBS analysts said they fear the regulatory environment, which includes a crackdown on JSAs and joint retrans negotiations from the FCC, will likely remain an overhang for some time. Similarly, Wells Fargo lowered broadcast stocks to “Market Perform” from “Market Weight.” “While we continue to really like the broadcast TV business due to strong advertising fundamentals (both core and political), robust FCF, and the narrowing of the gap between retransmission consent and cable affiliate fees, we just came back from a day in DC and can’t help but feel incrementally negative on the regulatory environment—especially as it relates to pending and future M&A,” a Wells Fargo note stated.

**Research:** The 17 largest cable phone providers added 2.6mln net additional HSD subs last year, with cable having 49.3mln broadband subs and telephone accounting for 35mln, according to **Leichtman Research**. The top cable companies netted 82% of broadband additions (nearly 2.2mln) last year, down from 88% in '12. **Comcast** added 1.3mln broadband subs for '13, while **AT&T** and **Verizon** added 3.3mln subs via **U-verse** and **FiOS** (while losing 3.05mln DSL subs). The numbers everyone will be paying attention to in light of the proposed **Comcast-Time Warner Cable** merger: Comcast ended the year with 20.7mln subs and TWC with 11.6mln. That gives them a combined 32.3mln of a broadband universe that Leichtman puts at 84.3mln. -- **Time Warner Cable Business Class** was the top cable company and 5th overall on **Vertical Systems Group's** US Carrier Ethernet Leaderboard based on port share results for year-end '13. **AT&T** and **Verizon** had the #1 and #2 spots, respectively. **Cox** was 6th (2nd among cable ops), followed by **XO**, **Comcast** and **Level 3**.

**March Madness:** **ESPN.com's** popular **NCAA** bracket challenge is back, this time with research and strategy from **Nate Silver** as part of the relaunch of **FiveThirtyEight**. Men's brackets that are in the top 1% are entered to win a \$10K **Best Buy** gift card, while the top Women's brackets can win a \$5K gift card. The theme this year is #ChooseWisely, and includes social media contests. Last year's Men's challenge had nearly 8.15mln brackets, up 26.3% compared to the previous year.

**Ratings:** The Season 2 finale of “Banshee” on **Cinemax** averaged 733K viewers, a record for the net. Season 2 has averaged a gross audience (linear, DVR, VOD/TVE) of 2.7mln.

**Programming:** “CNN Special Report: The Survivor Diaries,” following the journey of a Boston Bombing amputee, debuts Apr 8, 10pm ET on **CNN**. -- With **USA's** “Psych” signing off on Mar 26, the net is hosting a 6-hour dubbed “Night of a Million Hundred Goodbyes” at midnight on Mar 21. Fans can upload personal goodbyes on **Instagram** that will be shown during the marathon. -- **Fox Sports 1** launches new weeknight show “America's Pregame” featuring stories from the night's top sports events. **Mike Hill** hosts. -- Combine **Doomsday** with rednecks, and you end up with **Destination America's** new series, “Prepper Hillbillies” (Apr 5, 10pm). -- **UGA's** Peabody Awards are coming to TV thanks to a deal with **Pivot** that runs through '16. This year's honorees will be announced Apr 2, with the awards presented May 19. The Awards special will premiere at a yet-to-be-announced date. -- **Lifetime** said “Return to Zero,” starring **Minnie Driver**, will be its 1st global premiere. It debuts May 17 in the US, and also will air in Canada, the UK, Spain, France, Singapore, Malaysia, the Philippines, Indonesia, Brunei, Thailand and Hong Kong, with other territories to be confirmed. The film is based on the true story of a couple whose son dies in the womb. -- **The Hub** announced a new “Transformers” series in production for early '15. Pssst. This year is the 30th anniversary of Transformers. -- **ABC Family** greenlit 3 drama pilots: “Alice in Arabia,” an American teenage girl is kidnapped by extended family, who are Saudi Arabian; “Recovery Road,” based on the young adult novel about addiction; and “Unstrung,” takes place in the world of professional tennis. ABC Family also ordered new seasons of “Melissa & Joey” and “Baby Daddy.”

**Digital:** **WWE** Superstars have been animated for a new short-form series available at **WWEslamCity.com** and **Cartoonix** on **YouTube**. The stop-motion series will also be available on **WWE's** OTT network, **Hulu**, **Playstation**, **Xbox**, **AOL On**, **Nintendo**, **Vudu**, **Google Play**, **Kabillion**, **Mattel.com** and **iTunes**.

**In the States:** **Time Warner Cable** is working on rolling out a theme-based digital channel lineup across all its systems. NC customers are among the latest to get the new channel groups. Other changes include automatic HD tuning for those with HD set-tops. Channels are grouped into themes like Entertainment, News & Info, Sports, Music,

# BUSINESS & FINANCE

Kids & Teens and Premiums.

**On the Circuit:** A&E will return as a development partner for the 10th annual **NY TV Festival**. The net will guarantee that the winning entry can produce a pilot presentation with a minimum \$25K budget.

**People:** *Brigitte McCray* was elevated to **svp**, program planning and strategy at **Travel Channel**. -- **A&E** appointed *Drew Tappon* to the post of **svp**, development & programming.

**Obit:** One of **SCTE's** very first members, *Bill Karnes*, passed away Sun night. He was 84. Karnes, who held SCTE member #0001, was ex-pres of MSO **Sammons Comm**. Those who knew him report that he was especially proud to watch SCTE grow from fewer than 100 people to more than 14K today. A memorial service is planned for Sat in Richardson, TX.

**Business/Finance:** **Mediacom** announced the completion of \$200mln in financing for its wholly-owned subsidiaries **Mediacom Broadband LLC** and **Mediacom Broadband Corp**. The financing consisted of senior notes due 2021 sold in a private sale. The Broadband issuers applied the proceeds to repay \$200mln of the principal amount outstanding under Term Loan D, which has a final maturity of Jan 31, 2015. Following such repayment, there is a \$544mln principal amount outstanding under Term Loan D.

**Last Chance:** Fri is the Faxies nomination deadline, folks! Go [here](#) for info.

## CableFAX Daily Stockwatch

Company	03/17 Close	1-Day Ch	Company	03/17 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
21ST CENTURY FOX:	32.39	0.10	GOOGLE:	1192.10	19.30
DIRECTV:	76.83	(0.05)	HARMONIC:	6.55	0.06
DISH:	61.97	0.39	INTEL:	24.70	0.20
DISNEY:	81.39	1.32	JDSU:	14.26	(0.09)
GE:	25.43	0.32	LEVEL 3:	37.83	0.60
<b>MSOS</b>					
CABLEVISION:	16.85	(0.13)	MICROSOFT:	38.05	0.35
CHARTER:	126.49	(0.51)	NIELSEN:	43.92	0.06
COMCAST:	50.78	0.14	RENTRAK:	64.39	1.21
COMCAST SPCL:	49.52	0.02	SEACHANGE:	10.16	(0.01)
GCI:	11.49	0.87	SONY:	17.22	0.05
LIBERTY GLOBAL:	42.76	(0.5)	SPRINT NEXTEL:	8.77	(0.01)
LIBERTY INT:	29.14	0.14	TIVO:	13.04	0.11
SHAW COMM:	23.42	0.20	UNIVERSAL ELEC:	40.99	0.03
TIME WARNER CABLE:	138.26	0.24	VONAGE:	4.40	(0.05)
<b>PROGRAMMING</b>					
AMC NETWORKS:	74.60	0.20	YAHOO:	39.11	1.51
CBS:	65.84	0.47	<b>TELCOS</b>		
CROWN:	3.70	(0.12)	AT&T:	32.89	0.40
DISCOVERY:	83.10	(0.06)	VERIZON:	46.31	0.23
GRUPO TELEVISA:	30.63	(0.29)	<b>MARKET INDICES</b>		
HSN:	61.17	0.35	DOW:	16247.22	181.55
INTERACTIVE CORP:	74.48	0.03	NASDAQ:	4279.95	34.55
LIONSGATE:	30.33	(1.64)	S&P 500:	1858.83	17.70
MADISON SQUARE GARDEN:	58.08	0.09			
SCRIPPS INT:	79.20	0.46			
STARZ:	32.27	(0.06)			
TIME WARNER:	66.67	0.09			
VALUEVISION:	5.42	(0.08)			
VIACOM:	88.42	1.27			
WWE:	30.37	(0.57)			
<b>TECHNOLOGY</b>					
ADVANTAGE:	3.13	0.17			
ALCATEL LUCENT:	3.91	0.07			
AMDOCS:	45.55	0.43			
AMPHENOL:	91.24	0.75			
AOL:	42.33	1.08			
APPLE:	526.74	2.05			
ARRIS GROUP:	28.42	0.08			
AVID TECH:	6.60	(0.1)			
BLNDER TONGUE:	1.00	0.10			
BROADCOM:	30.47	0.53			
CISCO:	21.51	0.16			
CONCURRENT:	8.27	0.01			
CONVERGYS:	20.80	0.28			
CSG SYSTEMS:	27.11	0.12			
ECHOSTAR:	49.98	(0.05)			

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# CableFAX TECH

## TiVo Bets Future on Personalization, Metadata

TiVo might be known for its DVR services, but that's going to be just a small part of TiVo's business in the future. "It's a world of constantly evolving content" so further integration with more and more content is key moving forward, pres/CEO *Tom Rogers* said during an investor conference last week. The company will continue to push further mobility, giving people more ways to access content whenever and wherever, he said. Another key theme is ongoing IPTV and cloud implementation. The more TiVo floats in the cloud, the more flexibility for cable ops to build their own differentiated features on top of TiVo platform, Rogers said. The idea prompted TiVo to open up APIs to its cloud platform, allowing service providers to innovate with various client applications and devices using the same integrated search, browse and discovery features across any screen. In addition, the company plans to deploy a cloud-based network PVR solution with initial customers later this year as service providers consider a transition to IP delivered content and the use of low-cost IP clients and consumer provided devices. Another major initiative: personalization and "speed to content," Rogers said. Future TV viewers are all about "connect me to what I most care about as quickly as you can, and don't put me in a world of infinite choice with no ability to get what's relevant to me," he said. A lot of TiVo's innovation will center on the ability to filter information and give viewers immediate access to relevant content, he said. The future of TV is also about "how much data we can process." That's why TiVo is acquiring **DigitalSmiths**, which is expected to enable easy implementation of personalized metadata-related content search, browse and discovery. While TiVo primarily works with Tier 2-Tier 3 ops in the US, it has built a solid Tier 1 op customer base in EU: The company surpassed 2.5mln subs in the region thanks largely to rollouts by **Virgin Media** in the UK, **Com Hem** in Sweden and **Ono** in Spain. The DigitalSmiths deal would expand TiVo's role with Tier 1 ops as the firm counts 7 out of the top

10 pay-TV ops, including **Time Warner Cable**, **DirectTV** and **DISH**, as customers.

**Multiscreen:** **ACC** launched ACC Sports on **Apple TV**, offering free on-demand access to the conference's highlights and other programs, just in time for March Madness. Live programming isn't available. Specifically, the digital service will offer access to **Campus Insiders**, the digital college sports net covering all major collegiate conferences.

**Advertising:** **YuMe**, a provider of digital video brand advertising services, launched **Video Reach**, which aims to enable advertisers to leverage the efficiency, TV-scale reach and accuracy of programmatic video buying. Specifically, the service looks to allow audience targeting through SDK-integration and multi-screen reach without the use of cookies.

**Research:** Consumers expect the same TV user experience throughout their homes, regardless of how the service is offered, according to a report by **Parks Associates**. Expectations also remain the same regardless of the receiving device, including set-tops or connected CE device. "While some operators might see OTT delivery or use on a connected CE device as a way to offer a slimmed-down version of their user interface, consumers still expect the full-feature service and interface experience regardless of how it is delivered to the TV," said research dir *Brett Sappington*. "While cost is often mentioned as a key motivator, the trend of multiscreen content consumption is perhaps a greater driver of change in set-top boxes," Sappington said. "Many operators now believe that the business of video services has fundamentally changed, and full IP distribution of content is the next evolutionary step for the pay-TV industry," he said.

**3D:** **The International 3D & Advanced Imaging Society** (3D Society) appointed *Barry Sandrew*, founder/CTO/chief creative officer of **Legend3D**, to the board of governors. The company's cable clients include **Disney**, **Fox** and **Viacom**.

**CableFAX** webinar

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