

# CableFAX Daily™

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What the Industry Reads First

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## Play Ball: A Conversation with MLB Net Pres/CEO Tony Petitti

Baseball returned in April and MLB Network has benefited. Not only did it have a record April, but it's fresh off its most-watched May ever, drawing an avg of 215K prime viewers and 110K total day viewers in 2Q to-date. What's more, the net was in the interesting position of having virtually all of its affiliate deals come up for renewal at the same time. It managed to renew more than 200 deals before the start of the season, including all of the top 10 largest US distributors. It also snagged 20 new partners since the end of the 2013 season. Given all that has been going on, it seemed like a good time to check in with MLB Net pres/CEO Tony Petitti. **The ratings growth has been impressive. What is the cause of the excitement this year?** Part of it is the typical arc of a network. Starting our 6th season, there's the awareness. Plus, I think we've done a really good job expanding our live hours every year during our total day. I think people gravitate to "MLB Tonight," and the bouncing around from game-to-game. Critically, we're really well received... A network like ours is always going to start off appealing to the most passionate fans and build out from there. **Instant Replay is new. Was that something you spent a lot of time planning for?** Probably more in terms of how it impacted our studio show "MLB Tonight." If there's a replay, we wanted to make sure we got out there and showed viewers what was going on because it was so new for everybody. It was getting all the talent familiar with the way it was going to work so they could explain it to the viewer. And there was a lot of discussion, definitely out of box, on showcasing these plays being reviewed. **On the distribution side, there were so many deals up. Is there anybody left?** We basically got everybody done. The lengths of the deals are all different. Going forward, it will be unlike the end of 2013 when basically all deals were simultaneous. We felt really good about where we came out. We're able to maintain the 70mln homes that we have. **Mediacom is one of your holdouts. Any other larger distributors out there you're trying to make progress on?** We're all in on the top 10. We have a lot of small deals as all networks do across the country. We're always looking at expanding into Canada. We did a deal with **Rogers** at the start of this past season so now we have distribution in Canada. We have good distribution in Puerto Rico. We're focusing on trying to expand distribution into Canada, while we try to increase distribution in smaller systems that are left here in the US. **Sports costs. There's the programmer-operator tension,**

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**but also with the leagues themselves in terms of players' salaries. Given how you're intertwined with all of that, do you have any inclination that sports costs may temper?** No. I think what it's showing is that sports is the most stable in terms of ratings and its showing growth in a lot of places. Given the incredible amount of offerings consumers have, the fact that sports has held up well kind of confirms the fact that it is probably the most valuable content that's out there in terms of garnering big audiences.

**Netflix Speed Index:** In a blog post announcing its May ISP speed index, **Netflix** said it will end on June 16 its pilot program that displays on-screen notices blaming ISPs like **Verizon** for slow connections. "We will evaluate rolling it out more broadly," spokesman *Joris Evers* wrote. The blog followed Verizon's cease-and-desist letter last week. "Some broadband providers argue that our actions, and not theirs, are causing a degraded Netflix experience. Netflix does not purposely select congested routes," he wrote. The problem occurs at the interconnection point when the ISP hasn't provided enough capacity to accommodate the traffic customers requested, according to Evers. As for May ISP speed ranks, **Charter** entered the top 3 ISPs while Verizon FiOS and **Comcast** both slipped 2 spots in the major ISP rankings, placing #10 and #5, respectively. **Cablevision** remained #1 with 3.03 Mbps, followed by **Cox** at 2.93 Mbps and Charter at 2.87 Mbps.

**Bellville's Back:** Former **Charter** evp, COO *Maggie Bellville* has joined **Hitachi Consulting** as vp and member of the US Communications, Media & Entertainment Industry executive team. In this post, she's supporting cable ops' new product launches, assessing M&A activities and advising on new business investments and coordinating with Hitachi for cable applications for its technology solutions. "We're doing a lot of work with most of the operators in terms of big data, IP, billing solutions, a lot of deliverables that are necessary in this new world," Bellville told us. "We're not just a people shop. We actually have companies, R&D products to help our clients." After Charter, Bellville has done consulting and executive search under her own company, **Maggie Bellville & Associates**. "So I've still been there in the industry. I've worked with a lot of cable operators, media companies and technology companies... I've still stayed very relevant with changes and issues facing our friends in the broadband industry." One of the issues she'll be working closely on at Hitachi is energy savings for the cable industry. "It would take 7.5 Hoover Dams to power **Time Warner**. The amount of energy that headends use and data centers use is not going to be sustainable," Bellville said. Hitachi has a product aimed at savings tens of millions that combines its R&D in Japan with its manufacturing arm. But the exec stressed that Hitachi Consulting isn't just about its own hardware and technology, with the firm handling strategic issues, such as business intelligence, convergence of legacy systems, commercial services and so on. What about the big mergers on the table? "I think integration is in our sweet spot, integration of billing systems and organizations," she said, recalling own time at **Charter**. "Soon after *Paul Allen* put together Charter Comm, we learned a ton about integrating different companies and different cultures to create the Charter that we know. And the same opportunity holds true for the new **Comcast**, the new Charter, the new **SpinCo**."

**MCTV Rate Hike:** **MCTV**, formerly **Massillon Cable**, will raise basic cable prices by \$3/month and basic plus by \$1/come July 1. "Normally, we do this only once a year. However, this year has been very unusual. The costs for some of the TV programs and networks so many of you enjoy has increased dramatically," **MCTV Bob Gessner** said in a 20-min YouTube video about rising programming costs. The monthly rate for other services will stay the same. "We're able to control these costs very well. It's only the costs of TV networks that is so problematic," Gessner told subs.

**Amtrak Connects:** **Amtrak** is exploring options to upgrade its on-board WiFi service in the Northeast Corridor (NEC) with the goal of building a wireless trackside network that offers a high-capacity, broadband-speed connection between DC and Boston. This would allow passengers to stream video and transfer large files as expected bandwidth per train would go from 10 Mbps today to at least 25 Mbps. The service could potentially be extended to the entire 457-mile NE Corridor. Amtrak is now soliciting bids for a proof-of-concept project.

**On the Circuit:** **The Walter Kaitz Foundation** moved the Hollywood Creative Forum East to NY. The forum, to be held on June 19, aims to connect professionals of color with producing and writing/story credits in scripted content with network and production company execs. Speakers include *Donna Michelle Anderson*, vp, development & music programming, **BET**; *Paul Butler*, gm, **UP**; *Karen Horne*, vp, entertainment diversity initiatives at **NBC Entertain-**

# BUSINESS & FINANCE

ment, and *Tim McNeal*, vp, talent development and diversity, **Disney ABC Television Group**.

**Programming:** **Discovery** is teaming up with strength training coach *Mike Barwis* for a new sports docu-series “American Muscle” produced by **Funny Or Die**. It’s set to premiere on July 9. -- **H2’s** summer programming slate includes new series “United Stuff of America,” premiering June 14, and “Ancient Impossible,” debuting June 29. -- **Cooking Channel’s** new series “Bite This With Nadia G” debuts July 14. -- **MTV** ordered a 2nd season of its newest scripted comedy series “Faking It” for 10 eps as season 1 finale was scheduled to air June 10.

**People:** **Turner Broadcasting** appointed *Scott Porter* as svp, corporate HR, for **TBS**, reporting to *Angela Santone*, svp and chief HR officer. He returned to Turner following 7 years with law firm **Taylor English Duma**. -- **Cable & Wireless** tapped *Perley McBride* as its new CFO starting June 23, succeeding *Tim Pennington*, who’s stepping down from the position. Perley was formerly CFO of **Leap Wireless International**, which was acquired by **AT&T**. He also worked at **The Weather Company**. McBride will receive an annual salary of \$600K with an annual bonus opportunity of 1.5 times that salary, according to a release.

## CableFAX Daily Stockwatch

Company	06/09 Close	1-Day Ch	Company	06/09 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	83.33	(0.01)	CONVERGYS:	22.40	0.13
DISH:	58.95	0.44	CSG SYSTEMS:	26.13	0.01
ENTRAVISION:	5.66	0.18	ECHOSTAR:	51.54	0.03
GRAY TELEVISION:	12.12	0.09	GOOGLE:	562.12	5.79
MEDIA GENERAL:	17.90	(0.05)	HARMONIC:	7.72	0.13
NEXSTAR:	46.17	(0.03)	INTEL:	27.91	(0.26)
SINCLAIR:	30.84	0.17	INTERACTIVE CORP:	68.55	1.37
<b>MSOS</b>					
CABLEVISION:	17.32	(0.21)	JDSU:	11.20	0.12
CHARTER:	148.73	(0.14)	LEVEL 3:	42.98	(0.26)
COMCAST:	52.95	0.04	MICROSOFT:	41.27	(0.21)
COMCAST SPCL:	52.42	0.05	NIELSEN:	47.59	(0.09)
GCI:	11.08	(0.03)	RENTRAK:	48.62	0.88
GRAHAM HOLDING:	704.90	6.40	SEACHANGE:	8.66	0.01
LIBERTY GLOBAL:	45.13	0.54	SONY:	16.30	0.20
LIBERTY INT:	29.86	0.28	SPRINT NEXTEL:	8.77	(0.01)
SHAW COMM:	24.69	(0.09)	TIVO:	12.31	0.13
TIME WARNER CABLE:	144.16	0.50	UNIVERSAL ELEC:	46.56	1.27
<b>PROGRAMMING</b>					
21ST CENTURY FOX:	36.21	0.17	VONAGE:	3.58	0.05
AMC NETWORKS:	60.74	(0.48)	YAHOO:	36.04	0.12
CBS:	60.74	0.25	<b>TELCOS</b>		
CROWN:	3.67	(0.06)	AT&T:	35.01	(0.01)
DISCOVERY:	80.35	(0.32)	CENTURYLINK:	36.87	(0.04)
DISNEY:	85.48	0.87	TDS:	26.36	(0.1)
GRUPO TELEVISIA:	34.95	0.53	VERIZON:	49.57	0.15
HSN:	58.76	0.90	<b>MARKET INDICES</b>		
LIONSGATE:	27.31	0.65	DOW:	16943.10	18.82
MADISON SQUARE GARDEN:	57.67	0.35	NASDAQ:	4336.24	14.84
SCRIPPS INT:	78.37	0.38	S&P 500:	1951.27	1.83
STARZ:	30.31	(0.12)			
TIME WARNER:	68.99	0.85			
VALUEVISION:	4.93	0.04			
VIACOM:	88.01	0.27			
WWE:	11.27	0.09			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.77	(0.02)			
ALCATEL LUCENT:	3.94	(0.01)			
AMDOCS:	48.45	(0.02)			
AMPHENOL:	98.20	0.81			
AOL:	36.53	0.32			
APPLE:	93.70	1.48			
ARRIS GROUP:	33.34	0.18			
AVID TECH:	7.29	0.04			
BROADCOM:	38.11	0.09			
CISCO:	24.80	(0.03)			
CONCURRENT:	8.10	0.11			



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# CableFAX TECH

by Joyce Wang

## SeaChange Losses Widens in Q1

SeaChange had another tough quarter as it tries to shift business away from its legacy product line. The company recorded 32% YOY decline in revenue in the period led by a 49% decline in product revenue. It blamed lower sales volumes and increased investments in R&D for its 2 cents per share loss (versus 4 cents per share profit in the year-ago period). Cable MSO consolidation is also affecting the business, at least in certain markets in the short-term, CEO *Raghu Rau* said during the company's earnings conference call last week. Without naming the specific MSO, he said for the 1st time, the company is seeing delays in product orders related to "certain expansions that were going to happen with one of our existing customers." SeaChange counts **Comcast and Charter** as customers. The customer "wanted to upgrade to the next-generation product. It was an advertising product and because of the consolidation and the fact that some markets may change... We have seen a slowdown," Rau said. "Other than that, we have not seen that consolidation has affected us in anyway." As for the company itself, it doesn't expect any major M&A moves, though "we are looking at some small tuck-in acquisitions," the CEO said. On the bright side, the company has started to receive orders from 3 large US service providers since the end of 1Q, Rau noted. In addition, he expects the 1st commercial deployment of Nucleus by "a large multi-country service provider" in the 2nd half of fiscal 2015. The RDK-based video gateway software platform aims to enable multiscreen, media sharing, apps and guides. Enhancing Nucleus will be the focus of SeaChange's increased R&D efforts. The company has already delivered more than 1K features in Nucleus which are currently in field trials and it expects several hundred additional features in the next few quarters, Rau said. The company is forecasting 2Q revenue to be between \$26mIn and \$30mIn with an operating loss of between 10 cents to 20 cents per share. Full year revenue was expected to be in the range of \$125mIn

and \$135mIn.

**Verizon Tackles Video Delivery:** Verizon Digital Media Services launched ImagenIQ Video Bandwidth Reduction, a new technology designed to make video delivery more efficient and to improve the viewing experience of end users. The solution is expected to significantly reduce the size of video files without the color banding and degradation that occurs with other noise-suppression technologies.

**All About RDK: Espial,** the on-demand TV software provider, teamed with **Samsung Electronics** to launch an RDK platform aimed at allowing cable ops to offer more services on their set-top boxes. The multiplatform home entertainment HTML5 platform combined Samsung's IP set-top box and home media gateway with Espial's RDK software. RDK is a pre-integrated software bundle developed and licensed to create a common framework for powering IP or hybrid set-top boxes.

**Comcast Beefs Up WiFi:** Comcast Business launched a wireless gateway built specifically for a commercial environment with an integrated modem that produces dual-band WiFi signals. The Business Wireless Gateway allows businesses to assign one private wireless signal for their back-office needs and a separate public signal for customers or visitors.

**Concurrent Launches Training Program:** Multiscreen video delivery and media data intelligence provider **Concurrent** launched a new training and certification program that aims to allow MVPDs to launch, operate and maintain the latest multiscreen video technologies. The program targets engineers interested in improving their understanding of IP content delivery networks, adaptive bit-rate technologies, over-the-top solution architectures, and multi-screen video applications such as network-based digital video recording.

Got tech news? Reach out to Cablefax Tech editor Joyce Wang at [jwang@accessintel.com](mailto:jwang@accessintel.com)

## Cablefax Webinar

June 17, 2014 • 1:30 - 3:00 ET

## How to Leverage Facebook to Maximize Your Cable Brand

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