

CableFAX Daily™

Thursday — June 12, 2014

What the Industry Reads First

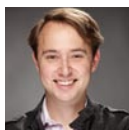
Volume 25 / No. 113

Remembering Glenn: A Sensei, Visionary and Diversity Champion

Sad day for the industry as it absorbed the news that former **Time Warner Cable** CEO *Glenn Britt* lost his battle with melanoma Wed. Britt, 65, was a well-respected leader, known for his soft-spoken nature and intelligence. That quiet, thoughtful style of leadership was very effective for him as he rose from **Time Inc's** Controller Dept in 1972 to eventually pres, TWC in '99 (CEO was added to his title in 2001). He was approachable and well-liked, making his retirement party last Nov one of the hottest tickets around, with only a select group of folks getting the invite to the bash at the Metropolitan Museum of Art. One of those who knew Britt very well on both a personal and professional level is former **Time Warner** CEO and current interim **L.A. Clippers** CEO *Dick Parsons*. "I go back with Glenn before the industry," Parsons told us, recalling his time as a lawyer at Time, Inc, where Britt was CFO. "When I became president of Time Warner, he was like my sensei... Glenn was the guy who taught me the business." Parsons was new to entertainment, having cut his teeth in financial services and law. Britt would come over to his office on Friday afternoons and literally do these tutorials, explaining how this and that worked. As Time Warner grew and acquired more companies, Parsons recalled a slew of contract renewals that he embarked on with Britt and the late *Fred Dressler* at his side. "Glenn was the smarts. Freddy was the crafty one. And I was the guy who could sign the papers," Parsons said. "Glenn was unusually smart. And he really understood the cable business, and he was a forward-thinking guy, but a high integrity guy. And I think that was the basis of his leadership, both within Time Warner Cable and the industry." While **Charter** didn't go public with its bid for Time Warner Cable until after Britt's retirement, it made offers even before he'd announced in July his plans to step down at year-end. Britt helped set the stage for **Comcast's** eventual successful offer. *Rob Marcus*, who took the reins at TWC from Britt in Jan, wrote a touching blog at twcableuntangled.com. "He was as generous, as selfless and as thoughtful a mentor as I could ever have hoped for," he wrote. "He was a great boss, a loyal friend and one of my true role models. His loss will be keenly felt, not just by me, his devoted wife, Barbara, and his many industry colleagues and friends, but by all of Time Warner Cable's 52,000 dedicated employees. It is a sad day for all of us." The remembrances of Britt came pouring in as news spread that he had passed Wed morning, with his wife Barbara at his side. Comcast chmn/CEO *Brian Roberts* called him "true leader in every respect." **WICT** pres/CEO *Maria Brennan* said Britt "leaves behind a lasting legacy that

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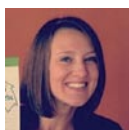
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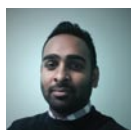
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includes a more diverse and inclusive cable industry.” **NCTA** pres/CEO *Michael Powell* said the man had a tremendous impact on the NCTA board and staff. “He was always willing to give his time and attention to public policy issues. We will miss Glenn’s insight, guidance and compassion,” Powell said. Former **Bright House** CEO *Bob Miron* knew Britt for about 40 years, working closely with him through the partnership between the 2 companies. “Partnerships in cable sometimes come apart, but this lasted all these years. We’re probably 20 years into it now,” Miron said, recalling Britt’s understanding of Washington and technology. “He was a visionary. He was imaginative. He was smart. He was always looking for the next thing.” Britt’s funeral services will be private, but a memorial service for friends and family will be announced later.

Net Neutrality at Aspen: Put **Netflix** and **AT&T**, or any other major US ISPs, in the same room and you’re set for a heated debate about net neutrality. AT&T senior evp *Jim Cicconi* blasted Netflix for blaming ISPs for slow Internet connections during a panel discussion hosted by **Aspen Institute** Wed. “No one can block an edge provider from reaching a customer. It’s a matter of how they do it and the quality that comes with it,” he said, noting Netflix uses **Cogent**, the Internet transit provider, to route traffic. Cogent is widely known as one of the cheapest transit providers out there, Cicconi said, arguing that Netflix decided to save money rather than seek quality despite a variety of options to deliver Internet traffic. Somebody has to pay for transmission, and “the reality is investments that ISPs made are significantly more than the money contributed by Netflix,” he said, referring to ISPs’ peering deals with the streaming player. Historically, those commercial arrangements have worked, he said. Firing back, *Chris Libertelli*, vp of global government relations at Netflix, said ISPs, not transit providers, caused the problem. Citing Netflix’s peering agreement with **Comcast**, he said Netflix was pressured into the arrangement because of congestion on Comcast’s networks. “We paid our way around congestion,” he said. Comcast has said Netflix initiated the deal. Libertelli, a former **FCC** sr advisor under then-chmn *Michael Powell*, urged the FCC to use all tools available, including merger conditions, voluntary agreements and Title II reclassification. But Cicconi warned of an “incredibly chilling effect” on ISPs’ broadband investments going forward if the FCC imposes Title II.

Media Ownership Hearing: It was beat up on the **FCC** day during Wed’s **House Communications** subcmte hearing on media ownership, with chmn *Greg Walden* (R-OR) complaining that the rules exist as if the Internet hadn’t been invented. “Our laws need to reflect the reality of the world we live in today, not the world of the Ford administration,” he said. Walden took the FCC to task for not revisiting radio ownership rules since ’96, despite the entry of new platforms such as satellite radio and **Pandora**. Dems also aired grievances, with Rep *Bobby Rush* (D-IL) describing himself as “totally, absolutely disappointed” with the FCC’s position on diversity in media ownership. Among his complaints was that FCC chmn *Tom Wheeler* did away with the Critical Information Needs study, which was meant to identify barriers to entry in the communications marketplace faced by entrepreneurs and other small businesses. FCC Media Bureau chief *Bill Lake* told Rush that Wheeler felt there were some questions that were inappropriate and thus he terminated the study. “Instead of revising it, you end it,” complained the congressman. “It was a study that should take place, that was headed in the right direction.”

At Our Deadline: **AT&T** and **DirecTV** filed their public interest statement with regulators late Wed, making their case for why the 2 companies should be allowed to unite. DirecTV has no broadband, and AT&T’s video service is only available to a minority of customer locations within its 22-state ILEC region and it’s “uneconomic and not fully competitive with cable providers,” the companies said. “Cable has long been the dominant provider of broadband and video services in the United States, and if the **Comcast/Time Warner Cable/Charter** transactions are completed, that dominance will swell even further.” The companies also cited potential “downward pressure” on integrated bundle prices from the deal.

WiFi on Rollercoasters: **Comcast** launched hundreds of Xfinity WiFi hotspots across both Universal Orlando theme parks and at Universal CityWalk. It’s a bit of synergy with Comcast acquiring the parks as part of its NBCU deal in 2011. Wireless coverage includes all main walkways, most indoor dining and shopping venues, as well as attraction queue lines. The MSO is providing free access for all guests (including non-Xfinity Internet subs) during their visit.

Ratings: For the 1st time in its history, **HGTV** was the #1 rated cable net among W25-54 with a .77 rating for the week of June 2, and a top 5 rated cable net among P25-54 with a .55 rating during the week.

Programming: **Starz** renewed “Power” for a 10-ep sophomore season, with production set to begin in Sept. -- **Esquire** ordered original series “Cat Matchmaker,” slated to premiere in the fall. -- **Hallmark Channel** expanded its partnership with parent **Hallmark Cards**, creating another long-form holiday adventure, “Northpole 2,” premiering during the holiday season

BUSINESS & FINANCE

in 2015. "Northpole" debuts this Nov.

People: AMC Nets upped *Melissa Wasserman* to svp, client solutions and integrated mktg. Wasserman will continue to report to *Scott Collins*, AMC's evp of ad sales. -- **Bloomberg Media** tapped *Jacki Kelley*, formerly CEO of **IPG Mediabrands North America** and head of global clients, as COO for media. Effective Sept 1, she will serve as Bloomberg Media CEO **Justin Smith's** deputy across the Media Group and focus on developing multiplatform media offerings, among other things.

AWM-NCTA Scholarship: NCTA is joining forces with the **Alliance for Women in Media** to create a \$3500 scholarship to offset college expenses, the association announced at AWM's Gracie Awards in NYC Wed. "The mission of this partnership is to assist a college student in her studies, give her a leg up on a media career, and shed a light on issues of prominence to our business," said *Rob Stoddard*, NCTA svp, communications and public affairs, noting that "substantial gaps remain for women and people of color in our business. Through this scholarship... It's our hope that we can begin filling that pipeline earlier." The Gracies, created by the Alliance's philanthropic arm **AWM Foundation**, honors programming created by and for women in media and entertainment, and individuals who've made contributions to the industry.

CableFAX Daily Stockwatch

Company	06/11 Close	1-Day Ch	Company	06/11 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	82.99	0.07	CONCURRENT:	7.97	(0.17)
DISH:	59.50	0.10	CONVERGYS:	22.04	(0.17)
ENTRAVISION:	5.56	(0.07)	CSG SYSTEMS:	25.95	(0.11)
GRAY TELEVISION:	12.09	(0.04)	ECHOSTAR:	52.42	0.67
MEDIA GENERAL:	17.73	(0.19)	GOOGLE:	558.84	(1.71)
NEXSTAR:	45.70	(0.51)	HARMONIC:	7.62	(0.09)
SINCLAIR:	31.30	(0.19)	INTEL:	27.93	(0.31)
MSOS					
CABLEVISION:	17.32	(0.05)	INTERACTIVE CORP:	68.40	0.01
CHARTER:	149.20	0.31	JDSU:	11.43	0.12
COMCAST:	52.71	(0.17)	LEVEL 3:	42.41	(0.27)
COMCAST SPCL:	52.25	(0.17)	MICROSOFT:	40.86	(0.25)
GCI:	10.69	(0.07)	NIELSEN:	47.20	(0.14)
GRAHAM HOLDING:	707.31	0.35	RENTRAK:	48.39	0.25
LIBERTY GLOBAL:	44.40	(0.2)	SEACHANGE:	8.48	(0.16)
LIBERTY INT:	29.43	(0.3)	SONY:	15.99	(0.19)
SHAW COMM:	24.65	(0.15)	SPRINT NEXTEL:	8.75	(0.09)
TIME WARNER CABLE:	143.01	(0.71)	TIVO:	12.24	(0.07)
PROGRAMMING					
21ST CENTURY FOX:	36.12	0.04	UNIVERSAL ELEC:	45.73	(0.75)
AMC NETWORKS:	60.38	(0.27)	VONAGE:	3.51	0.09
CBS:	61.80	0.67	YAHOO:	36.63	0.32
CROWN:	3.54	(0.09)	TELCOS		
DISCOVERY:	78.68	(1.68)	AT&T:	34.81	(0.13)
DISNEY:	84.31	(0.44)	CENTURYLINK:	36.43	(0.5)
GRUPO TELEVISA:	34.08	(0.01)	TDS:	25.67	(0.56)
HSN:	57.14	(1.18)	VERIZON:	49.37	(0.15)
LIONSGATE:	27.25	(0.05)	MARKET INDICES		
MADISON SQUARE GARDEN:	57.33	0.27	DOW:	16843.88	(102.04)
SCRIPPS INT:	77.32	(0.55)	NASDAQ:	4331.93	(6.07)
STARZ:	29.06	(0.96)	S&P 500:	1943.89	(6.9)
TIME WARNER:	68.92	(0.17)	TECHNOLOGY		
VALUEVISION:	4.62	(0.24)	ADDVANTAGE:	2.72	(0.06)
VIACOM:	86.73	(0.71)	ALCATEL LUCENT:	3.87	(0.08)
WWE:	11.25	0.09	AMDOCS:	48.72	(0.13)
TECHNOLOGY					
ADDVANTAGE:	2.72	(0.06)	AMPHENOL:	98.06	0.40
ALCATEL LUCENT:	3.87	(0.08)	AOL:	37.11	0.66
AMDOCS:	48.72	(0.13)	APPLE:	93.86	(0.39)
AMPHENOL:	98.06	0.40	ARRIS GROUP:	32.41	(0.54)
AOL:	37.11	0.66	AVID TECH:	7.27	0.02
APPLE:	93.86	(0.39)	BLNDER TONGUE:	0.97	0.02
ARRIS GROUP:	32.41	(0.54)	BROADCOM:	38.00	0.06
AVID TECH:	7.27	0.02	CISCO:	25.04	0.04
BLNDER TONGUE:	0.97	0.02			
BROADCOM:	38.00	0.06			
CISCO:	25.04	0.04			



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Think about that for a minute...

Moving the Goalposts

Commentary by Steve Effros

It's not new, or particularly surprising, but it should be noted and remembered that the FCC appears to be, once again, "moving the goalposts" when defining "broadband." The

proposal this time is to change the criteria for what is considered a definitional download speed or bandwidth to be considered "broadband" from 4 Mbps to 10 Mbps. Upload speeds would also be increased. These criteria have been changed several times before, as the technology has developed.

There are several potentially significant repercussions should the Commission go ahead with this plan. The first is rhetorical. While most cable television based ISPs already offer 10 Mbps service to most of their customers (even though many users don't see any need for it and don't choose to pay for that level of service) that speed is not universal. So there will be an inevitable statistical "backsliding" in the cumulative numbers regarding "broadband service" in the United States. This is even more true of those rural areas still dependent on regular DSL service from the phone companies. While "fast" DSL can deliver 10 Mbps, the "regular" version cannot. Again, the overall numbers of who has "broadband," where, or at least has it available to them, will change for the worse.

Note that more than 90 percent of all cable ISP subscribers will still fit in the "broadband" category, even at 10 Mbps. The average service offering speed for cable ISPs is now up over 13 Mbps. But inevitably, because the slower service areas are also still present, the overall numbers will go down. We will hear the cry, once again, that America is "falling behind" other countries, and therefore we have to DO SOMETHING!

Naturally, that "something" entails spending more money,



probably federal money, to subsidize the construction of faster service so that everyone can fit within the new definition of "broadband." Now, again, there should be a reminder here. Even at the slower speeds, with the exception of problematic standard DSL, almost all consumers can get and use a broadband connection to do just about anything they want to do. That includes watching video, even HD video. Sure, if you want to have two or three "4K" UltraHD sets running at the same time in your home the bandwidth demands may be too much. But the predictable "crisis" talk is just that; talk.

It's not uncommon in technology for the "goalposts" to be moved. In this case there are essentially two reasons; the first is aspirational, which fits in with what I was saying above. Folks think, rightly or wrongly, that everyone needs the best, fastest, most technically advanced service, and one way to get it is to put public pressure on the companies providing those services to offer more. That's OK. Of course the crunch comes when the same folks want it to cost less, or devise and promote regulatory schemes that limit or prohibit cross-subsidization to achieve those goals. It's a built-in conflict in their own arguments.

The second common reason is legal; the FCC strengthens its claim about its authority to regulate broadband so long as it can find that broadband deployment is not "reasonable and timely." Forget that we have had one of the fastest, most successful deployments of a new technology that anyone has ever seen. So far as the FCC is concerned, so long as they can say it's not "fast enough," they keep and enhance their power to regulate. It doesn't take an IT genius to figure out what they are likely to do.

Steve

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(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry)

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