

CableFAX Daily™

Wednesday — July 30, 2014

What the Industry Reads First

Volume 25 / No. 146

Programmer Perspective: TV Everywhere Here to Stay

If you're not offering TV Everywhere, why not? "It's an important strategy not just for **Turner**, but the industry... For consumers, the proposition of paying for cable is no longer defined by the set-top box," said Turner's *Michael Quigley* at an Independent Show panel Tues. As for the complaints that TVE is clunky, opinions were mixed. **Fox Networks'** *BJ Elias* said that past issues really stemmed from the fact there just wasn't enough TVE content that interested consumers and justified authenticating. "I think it's no harder than accessing your online banking," he said. "Now that there's good content, people want to find out their usernames and passwords." But **Disney's** *James Rollins* said there are still a lot of consumers unaware of what's being offered and how to get that content—and that's where education needs to come in. The entire panel of programmers advocated for some industry initiatives to standardize the process—a top priority of **CTAM**. Elias called for broadening those standards beyond cable to the multichannel industry overall. While smaller operators have faced challenges entering the TVE space, that's changing. "We've seen just in the last year a huge pick up in the number of **NCTC** members who have started to authenticate our products. This is what consumers in the future will be looking for and expecting when they pay their TV subscription," Quigley said. Rollins added that soon "TV Everywhere will probably just be TV." Panelists pointed to products from **Synacor** and **Clearleap** for offering TVE to smaller operators, prompting questions from the audience about whether they would work with NCTC's TVE platform WatchTVEverywhere (WTVE). "We're pretty agnostic," Elias said. Rollins gave hope of a potential partnership with Disney, saying, "We've not worked with WTVE to date, but our goal is to provide [TVE] to all cable subscribers." The programmer panel notably didn't include a representative from **Viacom**. Earlier this year, about 50 NCTC members opted not to take part in its newly negotiated deal with the programmer. Those operators' Internet customers lost access to Viacom's free content online, prompting complaints at the **FCC** from **ACA** and others. When asked about the practice, the panel didn't dive into the debate. Quigley said the vast majority of what Turner makes available online is reserved for those who are pay TV customers, and he sees the industry moving more and more toward that—meaning no free content to block.

Indy Show Notebook: Ah, the Independent Show... Where independent operators like to gather and grumble about programmers and their rising rates. But maybe they should spend more time focused on someone else. "I think maybe you're

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defining the enemy inaccurately. You should be far more afraid of enemies on modems than enemies on video,” **Needham & Co’s** *Laura Martin*. She believes cable should be much more worried about Silicon Valley and its deep pockets. Take **Google**. It has 50K employees and did \$55bln in revenue last year. “They lose money on Google Fiber, and they don’t care,” she said, adding that Google has gotten just what it wants—cable companies deploying gigabit Internet. She urged operators to think about the video and broadband product as integrated, and actually work with content providers to get them to use distributors’ interactivity. -- What’s the probability of a virtual MSO actually becoming a threat? **UBS’** *John Hodulik* is skeptical, saying that it’s hard to get the economics to work so that it’s cheap enough that customers would defect en masse. But **Evercore’s** *Naveen Nataraj* told Indy Show attendees to keep an eye on **Verizon**. “They have a limited footprint with FiOS, lots of spectrum,” he said, suggesting they could be the biggest threat as a virtual operator. Martin noted that most standalone OTT networks charge around \$10. If someone has *Glenn Beck’s* **TheBlaze** online channel, **WWE** and **Netflix**, they’re paying \$40 for all 4. “That makes the \$200 bundle look great,” she said. -- **Food Network** star *Bobby Flay* talked numbers during his interview with **Food Net** pres *Brooke Johnson*, revealing how much the network paid him for his first show some 18 years ago. He got \$400, which had to split with his co-host. My, how times have changed...

GAO Tackles Data Caps: Seven of the 13 largest wireline ISPs have some form of data caps, or tier pricing practice, in place, according to a recent study by the **Government Accountability Office**. The study was requested by *Rep Anna Eshoo* (D-CA), and initial finds are expected to be included in comments for the **FCC’s** net neutrality proceeding. Of those 7, 3 impose overage fees on subs exceeding allowance, which are generally \$10 a month for 50 GB of additional data. Meanwhile, 2 wireline ISPs have data allowance tiers but don’t impose fees for overage, while one ISP offers a voluntary low-data plan at a discounted rate. In addition, one ISP is testing usage-based pricing approaches that include overage fees in select markets. While most wireline ISPs with data caps claimed less than 10% (and usually 1-2%) of their subs exceed the monthly allowance, more consumers could exceed the current caps as data usage grows, the study said. Although only a small portion of the focus group participants experienced usage-based pricing, they expressed “strong negative reactions” to the practice. But some participants liked the idea of paying less for less data. “In the midst of the net neutrality debate, there is a new threat to the free and open Internet and that is usage-based pricing which may include the throttling or slowing down of data speeds, overage fees and the exemption of some online services or applications from data caps. These new business models have left consumers wondering whether they will have to foot the bill and how much more it will be,” Eshoo said in a letter to FCC chmn *Tom Wheeler*, asking him to review the GAO findings.

More on Dodgers Net: **Time Warner Cable** is willing to enter into arbitration with **DirecTV** regarding distribution of the **LA Dodgers** net **SportsNet LA**, the company said in a statement. The move followed a letter by 6 LA area Reps, calling on TWC, DirecTV and other ops to enter into binding arbitration to resolve the current dispute and air Dodgers games on all LA-area pay-TV systems starting with Tues night’s game against the **Atlanta Braves**. The letter built on a recent letter signed by Congress members from the LA area urging mediation. TWC prefers to “reach agreements through private business negotiations, but given the current circumstance, we are willing to agree to binding arbitration and to allow DirecTV customers to watch the Dodgers games while the arbitration is concluded,” the company said in a statement. The drama even got the attention of FCC chmn *Tom Wheeler*. In a tough letter to TWC CEO *Rob Marcus* Tues, Wheeler expressed strong concerns that the dispute has “created the inability of consumers in the Los Angeles area to watch televised games of the Los Angeles Dodgers.” He gave TWC 10 days to provide an explanation and additional information including contract terms between TWC and SportsNet LA, and promised to “intervene as appropriate” to bring “necessary relief to consumers.” In response, TWC said it hopes that the chmn is making similar inquiries of DirecTV and other distributors serving the LA market “to determine their rationale for refusing to carry SportsNet LA, which we have offered at terms similar to other regional sports networks, including those owned by DirecTV.”

DirecTV Resignation: Amid its acquisition with **AT&T**, **DirecTV** is facing the departure of its chief accounting officer/svp *John Murphy*. His resignation is effective Aug 14, according to an **SEC** filing. The resignation letter briefly noted Murphy will pursue other career opportunities. *Patrick Doyle*, evp and CFO, will also be the company’s accounting chief.

Windstream Reaction: Cable stocks saw gains Tues as a result of **Windstream’s** plan to spin off its network assets as a real estate investment trust (REIT). The move could enable tax reductions and, according to some analysts, could be replicated by other wireline ISPs. At market closing, **Comcast** shares rose 0.48% to \$54.99, while **Time Warner Cable**

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grew 0.57% to \$149.86. Charter was up 0.36% and Cablevision was up 2.3%. Windstream shares were up 12.4%. The company said the IRS already approved its proposal to split its cooper and fiber plant into a separately publicly traded REIT, which would lease back those assets to Windstream for \$650mln a year. The ISP still needs approvals from state PUCs and the SEC, UBS analysts said in a research note. "We believe the PUC will take a hard look at this transaction as it will want to ensure access to the network at set prices." It's unlikely that the large telcos like AT&T and Verizon would consider such structure as "they would not want to be forced to open their networks to competitors at regulated rates," the analysts said.

Carriage: INSP added more than 140K new subs on multiple NCTC systems. They include ops such as Telepex, Pulaski, Parish Communications, Farmers Mutual, Otelco and Mid-Rivers.

Ratings: TNT became basic cable's most-watched net in primetime in July, scoring 2.1mln viewers for the period, helped by series "The Last Ship," "Major Crimes" and "Rizzoli & Isles." Summer-to-date, "Rizzoli & Isles" bagged 7.2mln viewers (Live+7 blended), while "Major Crimes" had 6.5mln. "The Last Ship" followed with 6.1mln. Sci-fi series "Falling Skies" signed up 4.4mln, while "Murder in the First" scored 4.1mln.

CableFAX Daily Stockwatch

Company	07/29 Close	1-Day Ch	Company	07/29 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	86.39	0.23	CONCURRENT:	7.48	(0.02)
DISH:	62.58	(0.34)	CONVERGYS:	20.02	(0.14)
ENTRAVISION:	5.76	(0.05)	CSG SYSTEMS:	26.64	(0.25)
GRAY TELEVISION:	12.34	(0.03)	ECHOSTAR:	50.60	0.13
MEDIA GENERAL:	20.34	0.14	GOOGLE:	585.61	(4.99)
NEXSTAR:	46.87	(1.18)	HARMONIC:	5.73	(0.5)
SINCLAIR:	32.97	(0.38)	INTEL:	34.19	(0.04)
MSOS					
CABLEVISION:	19.54	0.44	INTERACTIVE CORP:	66.76	0.21
CHARTER:	162.06	0.58	JDSU:	11.74	(0.06)
COMCAST:	54.99	0.26	LEVEL 3:	46.18	1.27
COMCAST SPCL:	54.75	0.23	MICROSOFT:	43.88	(0.09)
GCI:	11.19	0.28	NIELSEN:	47.23	(1.54)
GRAHAM HOLDING:	689.56	(3.41)	RENTRAK:	50.50	(0.05)
LIBERTY GLOBAL:	42.20	(0.29)	SEACHANGE:	7.63	0.01
LIBERTY INT:	28.53	(0.18)	SONY:	17.47	(0.24)
SHAW COMM:	25.22	(0.09)	SPRINT NEXTEL:	8.00	0.36
TIME WARNER CABLE:	149.86	0.85	TIVO:	13.74	0.35
PROGRAMMING					
21ST CENTURY FOX:	32.15	(0.31)	UNIVERSAL ELEC:	48.90	0.12
AMC NETWORKS:	61.33	(0.18)	VONAGE:	3.60	0.04
CBS:	57.48	(0.23)	YAHOO:	35.68	(0.22)
CROWN:	3.47	0.03	TELCOS		
DISCOVERY:	82.93	(0.21)	AT&T:	36.59	0.94
DISNEY:	86.20	(0.95)	CENTURYLINK:	39.90	2.19
GRUPO TELEVISIA:	35.15	(0.07)	TDS:	25.92	1.27
HSN:	56.25	(0.04)	VERIZON:	51.97	0.39
LIONSGATE:	31.71	(0.19)	MARKET INDICES		
MADISON SQUARE GARDEN:	60.34	0.21	DOW:	16912.11	(70.48)
SCRIPPS INT:	82.81	(0.59)	NASDAQ:	4442.70	(2.21)
STARZ:	29.15	(0.36)	S&P 500:	1969.95	(8.96)
TIME WARNER:	83.85	(1.39)			
VALUEVISION:	4.60	0.07			
VIACOM:	85.62	(0.55)			
WWE:	12.47	0.14			
TECHNOLOGY					
ADVANTAGE:	2.55	0.02			
ALCATEL LUCENT:	3.73	(0.01)			
AMDOCS:	47.23	(0.89)			
AMPHENOL:	97.17	(0.44)			
AOL:	38.46	(0.48)			
APPLE:	98.38	(0.64)			
ARRIS GROUP:	34.20	(0.39)			
AVID TECH:	7.45	UNCH			
BLNDER TONGUE:	0.95	0.03			
BROADCOM:	37.99	0.27			
CISCO:	25.71	(0.21)			

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