

CableFAX Daily™

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What the Industry Reads First

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SEC Network: Looking to be the Biggest Conference Net?

SEC Network—a joint venture between **ESPN** and the conference—could become the largest conference network in terms of sub base when it launches Aug 14 in more than 90mln homes nationwide. The net has already scored distribution deals with most of the major distributors including **AT&T U-Verse, Comcast, Time Warner Cable, Charter, Cox, DirecTV, DISH** and **Bright House**, as well as **Google Fiber, NCTC, NRTC, NTT, LUS Fiber, PTC Communications** and **Wilkes Telephone**. The net is in active negotiations with **Verizon FiOS**. “We are also talking to a couple of other operators, and the number should grow by a couple million,” *Sean Breen*, svp of affil sales for **Disney** and ESPN Media Networks, told us. The still growing **Big Ten Network** currently reaches around 90mln HHs and together with SEC Net, the pair remain far ahead of their fellow conference nets. SEC Net will reportedly charge \$1.40 per sub per month inside the SEC 11-state footprint and \$0.25 per month outside of it. To compare, the **Big Ten Network** reportedly costs approx \$1 inside in-market and \$0.37 outside of it, while **Pac-12 Nets** reportedly costs around \$0.80. That means SEC Net will also be the largest conference net in terms of revenue generated. Without commenting on rates, Breen said “we are excited about where we landed on the terms. We have met our goal.” The process of securing distribution was a relatively quick and smooth one with little drama involving the major providers, unlike Pac-12 Net’s ongoing battle with DirecTV. The distribution approach was strategically coordinated, *Justin Connolly*, ESPN svp for college nets told us. The distribution team used each carriage agreement to build momentum, internally and among fans, he said. Announcing AT&T-Verse as launch partner when the net was created more than a year ago and adding DISH along the way, “it just started to create a wave of momentum,” said Connolly, who oversees programming of the new net. “Consumers started to jump on that wave... And then you started to see Comcast and Time Warner Cable, Cox and Charter realize that they have to be in the ground floor, in advance of the launch,” he said. In markets across the country, fans have at least 3 options to access the net, and in many cases 4 options, he noted. “We look at the markets collectively, cutting deals across the board... We didn’t necessarily look at one provider over another. We went to the distributors... and offered deals at the same time,” Breen added. Take programming, with SEC Net seemingly focused on games that resonate nationally. The net’s football season kicks off with a major fight between **South Carolina** and **Texas A&M** on Aug 28, a game that major nets would

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want for their best windows. And content is built around live football and basketball events, Connolly said, noting the pre-game football show “SEC Nation” that seeks to “bring out some of the flavor of what goes on in each one of the campus prior to the games.” The net’s original programming will be event-based. One example is the Kentucky Men’s Basketball Team, which is on an exhibition tour at the Bahamas this week. The net will air 3 games from the tour, “something that would have never have aired in the past. Now we have this outlet. We will take advantage of it,” Connolly said. The goal is to make programs interesting to casual and die-hard sports fans, he said.

Net Neutrality: Michael Copps, former Democratic FCC commish, and Free Press pres/CEO Craig Aaron requested a meeting with President Obama to express concern that the FCC’s proposed net neutrality rules would hurt consumers. FCC chmn Tom Wheeler’s proposal would create “fast lanes for the few who can pay and slow lanes for the rest of us,” the pair said in a letter to the President. They praised Obama’s remarks last week at the US-Africa Leaders Summit in favor of strong net neutrality protections. But they said to do that, the FCC needs to reclassify broadband as a telecom service, which would allow the agency to “guarantee basic consumer protections and free expression on broadband networks.” Copps heads nonprofit Common Cause’s media & democracy reform initiative and is on Free Press’ board.

Blackout Rules Battle: The broadcasters won’t give up their battle over sports blackout rules without a fight. In the wake of the FCC’s recent vote to eliminate the rules, Fox and CBS affils warned in a Tues letter to FCC chmn Tom Wheeler that the result would hurt viewers, fans, localism and competition. “Eliminating the SBR will likely be the first step toward the total elimination of high quality sports—like NFL football games—off free TV and behind the cable paywall. The ultimate result of this migration—the balkanization of sports programming to increasingly expensive pay cable networks—will mean fewer fans have access to the teams they love. And those that can still access the games will be paying more for the privilege,” the letter said. The broadcasters claimed the rules don’t cause sports blackouts. Instead, they prevent cable companies from “unfairly exploiting a loophole in the copyright laws to the detriment of local TV stations and local viewers.” Getting rid of the rules won’t end local blackouts, but will instead harm local broadcasters, they said. The letter followed Republican commish Ajit Pai’s remarks this week calling for elimination of the rules.

Big Ten Grows: The Big Ten Network expanded its distribution in NY and DC areas as the conference added Rutgers and U of MD to the league. The joint venture between Fox and the conference added systems from Comcast, Time Warner Cable, Cablevision and RCN in the NY area (Rutgers markets) and boosted its Cox systems in the DC area. The net will reach around 60mln HHs before the Aug 28 football season starts, a 15% increase over the previous year.

TVE: Time Warner Cable and Bright House added NBCU’s cable and broadcast nets to its TVE lineup. Subs from the MSOs will have authenticated access to live and on demand content in the next few days from nets including USA, Syfy, Bravo, Oxygen, mun2, NBC Sports Net and Golf Channel, in addition to Sprout, E! and Esquire Net to which they already have TVE access. Remaining nets will become available starting in Sept.

CableLabs Launches 4K Site: To help vendors, programmers and operators with their work on 4K, or Ultra HD, CableLabs launched a microsite, 4k.cablelabs.com, with video clips in 4K format. The content can be used freely under the Creative Commons License, for non-commercial testing, demonstrations and technological improvement, the group said on the Website. It also started a program to allow companies to upload content that can be freely shared for “testing and industry-advancement purposes.” Participants can provide a lower bit-rate HD file for preview, along with a high-quality 4K version of the content. It can be a pre-transcoded version using MPEG HEVC. CableLabs will transcode the content into 2 high-quality versions available for download on the microsite.

GEICO Sponsors One World Sports: One World Sports nabbed a multiplatform sponsorship agreement with GEICO. As part of the pact, GEICO will have presence in all One World Sports programs and events, sponsorship integration across all programming and platforms, as well as co-branded acknowledgements.

FreeWheel Reports Video Ads: Digital video views and video ad views in 2Q were up both 27% YOY, according to a report by video ad firm FreeWheel, now part of Comcast. Mobile and OTT video ad views grew 93% and 236% YOY, respectively. Along with tablets, these devices now account for 24% of all ad views. As more programmers

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put content behind authentication walls, viewers for this content increased: Some 38% of long-form and live ad viewers now come from authenticated users, the report said. Meanwhile, the viewer experience for long-form content increasingly mirrors the TV experience. During the quarter, an average of 3.7 ads were shown in the average mid-roll break and as with linear TV, these ads tended to be 30 seconds in duration. FreeWheel counts companies like **DirectTV**, **ESPN**, **NBCU**, **Turner** and **Viacom** as customers.

Programming: **Nick** booked “Cupcakery of Doom,” a comedic story featuring a bear and a mouse taking over the world. -- **ID**’s “Surviving Evil” returns for a 2nd season on Sept 3. -- To raise awareness to modern-day slavery, **USA** will air a 10-hour “End Human Trafficking” marathon of “Law and Order: SVU” beginning Aug 17. On Aug 20, the net will air an episode of “Graceland” in which a human trafficking case comes to head. The network also partnered with the United Nations Office on Drugs and Crime and Polaris to provide relevant information and resources leading up to both events. -- **WGN America** ordered scripted drama “Titans.” -- **E!** will premiere the 3rd season of “Total Divas” on Sept 7. -- **Al Jazeera America** will premiere original documentary about teens and education, “Edge of Eighteen,” on Sept 7.

CableFAX Daily Stockwatch

Company	08/13 Close	1-Day Ch	Company	08/13 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	84.22	0.13	CONCURRENT:	7.27	(0.01)
DISH:	63.18	0.65	CONVERGYS:	18.62	0.02
ENTRAVISION:	4.23	(0.08)	CSG SYSTEMS:	27.44	(0.1)
GRAY TELEVISION:	10.82	(0.43)	ECHOSTAR:	48.84	(0.57)
MEDIA GENERAL:	15.99	(0.89)	GOOGLE:	574.78	12.05
NEXSTAR:	44.41	(2.21)	HARMONIC:	6.19	0.11
SINCLAIR:	30.24	(0.52)	INTEL:	34.10	0.97
MSOS					
CABLEVISION:	17.84	0.01	INTERACTIVE CORP:	64.77	0.39
CHARTER:	155.01	2.30	JDSU:	10.90	(1.01)
COMCAST:	54.11	0.31	LEVEL 3:	41.53	0.20
COMCAST SPCL:	53.93	0.37	MICROSOFT:	44.08	0.56
GCI:	10.99	(0.04)	NIELSEN:	47.60	0.26
GRAHAM HOLDING:	712.06	(0.42)	RENTRAK:	46.92	(0.35)
LIBERTY GLOBAL:	42.46	0.69	SEACHANGE:	7.34	0.01
LIBERTY INT:	28.16	0.33	SONY:	17.94	0.58
SHAW COMM:	24.52	0.00	SPRINT NEXTEL:	5.82	(0.04)
TIME WARNER CABLE:	146.53	0.66	TIVO:	13.52	0.01
PROGRAMMING					
21ST CENTURY FOX:	35.40	0.29	UNIVERSAL ELEC:	52.51	0.63
AMC NETWORKS:	60.50	0.88	VONAGE:	3.37	(0.01)
CBS:	59.34	0.43	YAHOO:	36.19	0.67
CROWN:	3.48	0.05	TELCOS		
DISCOVERY:	42.71	0.39	AT&T:	34.69	0.05
DISNEY:	87.60	0.39	CENTURYLINK:	40.47	(0.3)
GRUPO TELEVISA:	36.48	0.43	TDS:	25.34	0.04
HSN:	59.40	0.54	VERIZON:	48.92	0.08
LIONSGATE:	32.66	0.92	MARKET INDICES		
MADISON SQUARE GARDEN:	61.20	1.21	DOW:	16651.80	91.26
SCRIPPS INT:	79.06	0.83	NASDAQ:	4434.12	44.88
STARZ:	27.89	0.29	S&P 500:	1946.72	12.97
TIME WARNER:	74.16	1.12			
VALUEVISION:	4.87	0.05			
VIACOM:	80.31	(0.3)			
WWE:	13.83	0.12			
TECHNOLOGY					
ADVANTAGE:	2.33	(0.12)			
ALCATEL LUCENT:	3.23	(0.03)			
AMDOCS:	45.70	0.38			
AMPHENOL:	100.03	0.18			
AOL:	42.46	0.13			
APPLE:	97.24	1.27			
ARRIS GROUP:	31.16	0.52			
AVID TECH:	7.55	0.10			
BLNDER TONGUE:	0.95	0.04			
BROADCOM:	37.72	0.12			
CISCO:	25.20	0.05			



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Full Disclosure

Commentary by Steve Effros

There's constant talk these days about "transparency" and "full disclosure." The theory, of course, is that the more we, as consumers or voters, know about the things we buy, or the folks we vote for, the better off we will be. I have no argument with that, but effectively accomplishing that increase in knowledge, which leads to more informed choice, is sometimes a lot more difficult than it sounds.

Let's take an example or two everyone has experienced by now; first, the "full disclosure" about "privacy." We get the notices in the mail every year. As cable/broadband operators we are required to send them to our customers as well. You get one from every one of your credit card companies. You get one from your bank. Every year millions of trees are killed printing those notices. Have you ever actually read one all the way through? Honestly?

There's a disclosure notice on virtually every piece of software and every "app" you decide to download. You're even required to click the little "agree" box saying that you have read and agree with all the conditions and understandings on how that piece of software will or won't affect your device and what other things it will be used for. Have you actually read and understand that stuff? I know there are a few of you out there who will definitely have done so, and you're the ones who are outraged at what is actually said and done by that software. The rest of us, for whatever reason, just want the services offered and click the button. Full disclosure? Not really.

Now there's a growing cry about the full disclosure cable folks make on the bills they send customers. The fees we're required to pay local, "free tv" broad-



casters are being broken out, or the franchise fees are listed separately. That's full disclosure. As a matter of fact there was a big dispute back in 1984 when representatives of the cities, during the debates over the new federal Cable Act, tried to prohibit separate disclosure on the bill of the fees they were charging. They wanted "transparency," but not that much transparency! Better that the cable guy just list the total cost and take the heat for ever-increasing cable bills. Forget disclosing who was actually pushing those bills up. They lost.

The issue is not only the listing of those stand-alone, identifiable costs (the telephone companies, power companies, hotels, airlines and lots of others have been doing this for years) but whether we should be required to list as the "price" of the product we sell the full amount the consumer will have to pay, including all those taxes and specially designated government-required fees, or whether we can list the cost as it relates to the service we choose to offer separately.

Those additional fees can become a significant number, as we all know. Major cities in the United States today, for instance, add anywhere from 12 to 17 percent onto your night's stay in a hotel. That's a big chunk of change, and it's understandable that the Hyatt or the Marriott is reluctant to take the heat because local officials want to dodge responsibility for imposing those taxes and fees. But that's full disclosure, and it's very useful information for consumers. They need to know that all that money is not simply going to the service provider. Maybe it will impose a little restraint on those who would prefer to bury that disclosure and then blame us.

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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