

CableFAX Daily™

Thursday — August 28, 2014

What the Industry Reads First

Volume 24 / No. 167

Bad Day: Time Warner Cable Internet Outage Sparks Merger Questions

Don't these things come in threes? If so, watch out **Comcast**. On Sat, **Charter** experienced an Internet outage that affected multiple markets across its footprints. Then it was **Time Warner Cable's** turn, with its entire footprint losing Internet service for a period Wed. "At 4:30am ET this morning during our routine network maintenance, an issue with our Internet backbone created disruption with our Internet and On Demand services," a spokesman said, noting that "an erroneous configuration was propagated throughout our national backbone, resulting in a network outage... We immediately identified and corrected the root cause of the issue and restored service by 7:30am ET... A failure of this size is very serious and we are taking the necessary steps to improve our processes with the objective of making sure this doesn't happen again." Of course, any negative story involving **Comcast** and Time Warner Cable these days is a bold-faced headline. Throw in TWC's presence in journo-heavy NYC, and it was all over social media as many were just waking up. Look for critics of the deal to question just how many more people could be impacted if such an outage occurred post-merger. NY gov *Andrew Cuomo* promptly issued a statement that he has directed the **NY State Dept of Public Service** to investigate the outage as part of its review of Comcast's proposed merger with the company. "Today's widespread Internet outage that has apparently impacted more than 11 million customers at Time Warner—which is based in New York—is a stark reminder that our economy is increasingly dependent on a reliable broadband network. That is one of the reasons why I pushed for a stronger standard of review for cable company mergers earlier this year," Cuomo said. TWC's response: "We apologize for the early morning disruption in service and we intend to discuss any of the Governor's concerns with him as well as the many consumer merits of our merger." Unrelated, TWC got dinged with a \$1.1m fine by the **FCC** this week for not filing reporting outage reports in a timely fashion. As for Charter's outage over the weekend, little is known at present. A spokesperson said technical teams were continuing to investigate the cause. The outage didn't quite garner TWC ink, but it still got a lot media attention, especially for a weekend. One of the criticisms was that it didn't address the issue on social media until Sun evening. Comcast has been the subject of scorn for some bad customer service calls, most notably *Ryan Block's* attempt to have his service disconnected. **Public Knowledge**, which has filed a petition to deny its \$45bln merger with TWC, has launched a con-

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test dubbed "Recast Comcast." It's looking for the best remix of customer service calls with Comcast, offering to pay the winner's last Comcast bill (up to \$200). The contest is only about 24 hours old, which may explain why we didn't find any submissions on **SoundCloud**, **YouTube** or **Vimeo**. The contest is open through Sept 18.

FCC Wants More From Charter: The FCC Media Bureau followed up on its Aug 21 request for more info from **Comcast**, **Time Warner Cable** and **Charter** on their merger and associated transactions, asking Charter to provide even more info on divestiture transactions. It wants details on plans to migrate subs as a result of the transaction, including a projected timeline, service plans and devices. Responses are due by Sept 11. -- Meanwhile, the **FCC** keeps posting more comments on **Comcast's** acquisition of **Time Warner Cable**. Count **Netflix** among those who have filed petitions to deny. Its Internet backbone provider, **Cogent**, also has asked the FCC to reject the deal (**CFX**, 8/27). Netflix argues that the transaction could stifle the development of online video distributors. "Comcast already has acted to lessen that threat by using its control over interconnection pathways to allow its own customers' access to Netflix content to degrade until Netflix paid Comcast a terminating access fee," Netflix wrote. "OVDs are particularly vulnerable to congestion and degradation of their services, owing to the myriad of video providers available to consumers, the low costs of switching OVDs and the sensitivity to congestion of video streaming traffic."

ATVA Launches Campaign: Distributor-backed **American Television Alliance** launched a campaign to back the "Local Choice" proposal introduced by Senate Commerce leaders. The proposal seeks to end retrans disputes by allowing viewers to choose whether and what broadcast channels they want. The broadcasters are against the idea. The campaign is running nationally and features ads on local radio, print and digital platforms. "The American people need to know there is a new proposal that will give them more transparency about the costs of broadcast TV programming and will end broadcast blackouts once and for all," ATVA spokesman *Brian Frederick* said in a statement. "Local choice can provide them with actual TV freedom immediately."

Election 2014 Debates: C-SPAN said it would provide coverage of more than 100 Senate, House and gubernatorial debates for this year's midterm elections, working with many local broadcasters and cable companies to simulcast their debate coverage. The fun kicks off Sept 3 with the NC Senate debate (7pm ET). Many debates will be live on C-SPAN nets, and most video will be available via VOD on the Campaign 2014 section of C-SPAN's website. Teachers can take advantage of education materials about the election at www.c-spanclassroom.org.

NAB Asks Court to Hurry: **NAB** asked the DC Circuit to expedite consideration of its petition to review certain aspects of the FCC's incentive auction order. The auction is scheduled for mid-2015. NAB remains concerned that if the case follows the standard briefing and argument timeline, the auction will take place before the case is decided. It's hoping the court will rule on the emergency motion by Sept 5.

Cable WiFi: Charter and **Liberty Global** are among the 14 new members of the **Wireless Broadband Alliance**, which advocates for better WiFi services. The group expects the members to be involve in initiatives including the promotion of global WiFi roaming, the Interoperability Compliance Program and trials of the Next Generation Hotspot. The group already counts **AT&T**, **Comcast** and **Time Warner Cable** as members.

Synacor Reshuffling: Former **Synacor** CEO *Ron Frankel* stepped down from the company's board earlier this week, signaling "the next phase of Synacor's transition under the leadership of newly appointed CEO, Mr. *Himesh Bhise*," a former Comcast exec, Synacor said in a release. Frankel, who served on Synacor's board and as CEO since 2001, announced in March that he would step down as CEO. The company's leadership change comes as 2 investors, **JEC Capital** and **Ratio Capital** (together they own 10% of the company), continue to urge the board to consider a potential sale.

TiVo 2Q: The \$9.3mln net income for 2Q in **TiVo** was significantly down from the \$268.9mln a year ago because of the **Cisco/Motorola** litigation settlement last year. Subscriptions totaled 4.8mln at the end of the quarter, up 33% YOY, as MSO service revenue grew 37% YOY. During the seasonally slow quarter, TiVo added a record 341K subs from its pay-TV clients. Revenue for the period reached \$111.9mln, up 11.8% YOY. TiVo reached an agreement with **Comcast** during the quarter to continue to support CableCARDS that will also increase ease of installation and to work together on a future non-CableCARD service, CEO *Tom Rogers* said during the earnings conference call late Tues. **Comcast** Xfinity On Demand for TiVo Premiere and TiVo Roamio retail subs is now available in all Comcast markets and "we are generally

BUSINESS & FINANCE

seeing strong sales in those markets.” Meanwhile, the company is testing a “specially marked and priced TiVo OTA offering,” he said, referring to Roamio OTA, which will be available for \$50 at Best Buy on Sept 4.

NAMIC Mid-Atlantic: If you’re looking to hone your social media skills, check out **NAMIC Mid-Atlantic’s** Sept 25 event on leveraging your personal brand through social media (6pm, Discovery Comm HQ in Silver Spring). *Gerry Moran* is the speaker. For registration and info, click [here](#).

Pivot Gets on Philo: Participant Media’s **Pivot** reached a deal with **Philo**, which offers TV over the web for college students. In Sept, on-campus students at several colleges will be able to access the net across platforms.

Ratings: Starz’s newest series “Outlander” is gaining momentum. It notched a series high Sat, with the 9pm premiere of ep 3 garnering more than 1mln viewers. That’s up 39% from the show’s debut. Add in total weekend views, and the ep had 2.4mln viewers (up from 2.3mln). Given that the series is based on the popular historical romance-sci-fi-adventure books by *Diana Gabaldon*, it’s no shocker that it’s skewing female (62% of the viewers for Sat’s premiere ep were women). -- **MTV’s VMAs** on Sun drew 8.3mln viewers for its initial telecast, down from 10.1mln last year. Guess folks missed the twerking bears... Encore airings brought the number up to 13.7mln.

CableFAX Daily Stockwatch

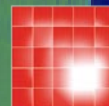
Company	08/27 Close	1-Day Ch	Company	08/27 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	86.15	0.69	CONCURRENT:	6.93	(0.06)
DISH:	64.58	0.48	CONVERGYS:	19.01	(0.11)
ENTRAVISION:	4.69	0.14	CSG SYSTEMS:	27.63	(0.62)
GRAY TELEVISION:	10.06	0.01	ECHOSTAR:	49.50	(0.21)
MEDIA GENERAL:	15.90	(0.17)	GOOGLE:	571.00	(6.86)
NEXSTAR:	46.50	0.88	HARMONIC:	6.47	(0.05)
SINCLAIR:	29.27	0.63	INTEL:	34.79	(0.01)
MSOS					
CABLEVISION:	18.31	0.09	INTERACTIVE CORP:	68.29	(0.56)
CHARTER:	156.83	1.56	JDSU:	11.66	(0.28)
COMCAST:	54.56	UNCH	LEVEL 3:	44.74	1.73
COMCAST SPCL:	54.42	0.08	MICROSOFT:	44.87	(0.14)
GCI:	11.27	0.06	NIELSEN:	46.76	(0.13)
GRAHAM HOLDING:	709.61	(10.09)	RENTRAK:	53.30	2.00
LIBERTY GLOBAL:	43.75	0.54	SEACHANGE:	7.59	(0.12)
LIBERTY INT:	29.45	(0.04)	SONY:	18.83	(0.04)
SHAW COMM:	25.14	0.34	SPRINT NEXTEL:	5.69	(0.08)
TIME WARNER CABLE:	147.11	0.52	TIVO:	14.06	0.16
PROGRAMMING					
21ST CENTURY FOX:	35.85	0.29	UNIVERSAL ELEC:	54.88	(0.09)
AMC NETWORKS:	63.45	(0.39)	VONAGE:	3.38	0.15
CBS:	60.42	0.40	YAHOO:	38.18	0.39
CROWN:	3.44	(0.01)	TELCOS		
DISCOVERY:	43.78	(0.31)	AT&T:	34.75	0.25
DISNEY:	90.37	0.35	CENTURYLINK:	40.76	0.16
GRUPO TELEVISIA:	37.03	(0.18)	TDS:	26.02	0.19
HSN:	60.99	(0.17)	VERIZON:	49.43	0.18
LIONSGATE:	32.56	(0.15)	MARKET INDICES		
MSG:	67.24	0.48	DOW:	17122.01	15.31
SCRIPPS INT:	80.49	(0.02)	NASDAQ:	4569.62	(1.01)
STARZ:	31.02	0.47	S&P 500:	2000.12	0.10
TIME WARNER:	76.85	0.19	TECHNOLOGY		
VALUEVISION:	4.75	0.18	ADDVANTAGE:	2.39	0.02
VIACOM:	80.99	0.45	ALCATEL LUCENT:	3.36	0.02
WWE:	14.64	(0.19)	AMDOCS:	46.10	(0.06)
TECHNOLOGY					
AMPHENOL:	103.51	(0.27)	AOL:	43.02	(0.28)
AOL:	43.02	(0.28)	APPLE:	102.13	1.24
APPLE:	102.13	1.24	ARRIS GROUP:	30.42	(0.56)
ARRIS GROUP:	30.42	(0.56)	AVID TECH:	8.25	0.26
AVID TECH:	8.25	0.26	BLNDER TONGUE:	1.65	UNCH
BLNDER TONGUE:	1.65	UNCH	BROADCOM:	38.50	(0.31)
BROADCOM:	38.50	(0.31)	CISCO:	24.80	(0.01)
CISCO:	24.80	(0.01)			

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Think about that for a minute...

Free HBO!

Commentary by Steve Effros

At one time it was hard to miss, driving through the hinterlands, the signs that proclaimed “FREE HBO” on the lighted motel parking lot signs. Some of those signs still exist today, except after a while they began to understand that “HBO” was not synonymous with “cable” or “CATV,” so the signs generally progressed to “Free Cable” in every room! As a matter of fact, there was a time when the cable, or at that time the CATV industry was complicit in the confusion, since HBO was doing more advertising than anyone else, it was helpful to just use the “HBO” shorthand rather than say “CATV.” Local cable companies were guilty of simply urging people to “hook up to HBO” rather than cable. Folks often didn’t even know the name of their local company.

I complained about that then, saying we were setting ourselves up for consumer confusion if we didn’t distinguish between the programs we were delivering and the service we were actually providing, which was the delivery of the programming. We were not and still are not responsible for the programming itself. Of course, that has long been missed by consumers and the consumer press, and it came to pass in some communities that when, for instance, MTV was first surging and considered boisterously risqué, it was the local cable operator who got the protests and the brick through the window (yes, that really did happen on occasion) not the folks at MTV!

We’re beyond that now, I hope. Consumers are aware of the different programmers, and that cable delivers but does not control most of the individual program providers. Hence they really do know that they are not “hooking up to HBO,” they are hooking up to cable, or broadband.



History tends to repeat itself, however, and I just couldn’t help but notice that more and more signs are appearing at stores, shopping centers, public facilities and the like proclaiming the availability of “Free WiFi.” Now of course just as in the old HBO days, it’s not really “free.” Someone is paying for it, and it’s important that everyone knows that. An increasing number of folks now believe, rightly, that the availability of WiFi for their customers, users, residents or the like is a significant benefit that they not only want to offer, but advertise.

This is great. Especially since it’s the cable industry that is at the forefront of universalizing the availability of WiFi connected to broadband, both for our customers and others. Additionally, as we all know—but the average consumer doesn’t—WiFi by itself is somewhat meaningless. It has to be connected to the network for it to be of consumer value. And this is the point: that network should make sure it is identified.

We are back in the days of “hooking up to HBO.” It’s a mistake to provide the service and then not take credit, instead allowing a “shorthand” to confuse the public. Sure, WiFi is the mechanism that is being used to connect to our systems, but it’s important to make sure that consumers understand that it’s our system—our infrastructure—that gives them the opportunity to do the things they want to do.

So go ahead, by all means, continue to roll out WiFi as broadly as possible. Consumers love it. But also make sure that they know what and who is supplying the “muscle,” the connectivity behind that WiFi, because without it, without us, the service doesn’t work. Take credit for what you’ve done.

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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