

Cablefax Daily™

Friday — October 31, 2014

What the Industry Reads First

Volume 24 / No. 212

TWC 3Q: Sub Adds Miss Consensus

It's been a full year since **Time Warner Cable** and **CBS'** carriage dispute, which took a big bite out of the MSO's financial results then (a record loss of 306K TV subs). As **MoffettNathanson** analysts wrote Thurs, lapping a quarter "as disastrously bad as that one makes for easier comps." Still, the 184K video sub loss is far more than the 136K that had been predicted. The company is 8 months into an 18-month turnaround plan but the "fruits of the turnaround are not yet evident" in 3Q results, the analysts said, calling sub metrics in the quarter weak across the board. Broadband sub additions of 108K, including 92K residential and 16K commercial subs, were also slightly behind street consensus. The good news, said CFO *Arthur Minson* during the earnings call Thurs, is sub performance has improved, with Sept being by far the strongest sub month in the quarter, both in terms of absolute net adds and on a YOY basis. Sept's momentum has continued into the first part of 4Q. Sub net adds in Oct were considered better than last year and also better than 2012, he said. There was a little update on the Comcast merger. Execs only reiterated their confidence that the deal would close in early 2015 and that while the regulatory approval process has been a little slow, things are moving along. When it comes to recent OTT moves by **HBO** and **CBS**, chmn/CEO *Rob Marcus* simply said he believes improvements TWC are making in the program guide and TWC TVE app, and the size of the VOD library would make the TWC a "compelling" service. "We are not terribly concerned about others eating into that via over-the-top offerings," he said. The recent OTT moves "reflect an increased willingness on the part of programmers to embrace that kind of flexibility" and "we are kind of intrigued and we are more than prepared to work with programmers to deliver an even better video offering," said Marcus. Like other cable MSO execs, Marcus claimed OTT offerings can only create more demand for broadband services. Regarding the controversy around TWC's RSN **SportsNet LA**, Marcus said he's not concerned. LA, of all the TWC markets, had the best YOY video performance in 3Q, the exec said. As the new baseball season approaches, the MSO will be back in the market trying to cut distribution deals that it wasn't able to reach this year. However, the net "got meaningful viewership during the season both in terms of percentage of customers watching and the

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amount of time that they watch the network,” Marcus said. “So I don’t think our view of the value of that network is in any way diminished as a result of the affiliate sales experience we’ve had in season one.” Overall, the company reported 3.6% YOY revenue growth to \$5.71bln, helped by 21.9% growth in business services.

SeaChange Q&A: *SeaChange tapped Jay Samit as its new CEO last week, succeeding Raghu Rau, who has been the interim chief in the last 5 months. Samit, most recently pres at social video chat service ooVoo, will also be a member of the board. We chatted with Samit on his plans for the multiplatform video software vendor, which counts major US cable MSOs as customers. What do you think is the biggest opportunity in the video market in the US?* To me this is a fantastic time to drive cable’s revenues by expanding the relationship with consumers beyond the TV and throughout their lifestyles. **Do you think more similar OTT service would hurt linear TV business model?** Just as movie studios initially feared television as competition, only to see it grow into a profitable secondary market, I believe that cable’s stakeholders will capitalize on a revealing era of expanding opportunities to provide their consumers with more ways to enjoy category leading experiences that blend everything television has to offer with OTT and complete service personalization. **How do you plan to tackle the market with the emergence of OTT video, especially following Time Warner’s plan to launch an OTT version of HBO and CBS’ OTT service?** We are seeing the emergence of a proliferation of new business models all trying to achieve revenue growth by giving consumers more ways to enjoy entertainment when, where, and how they want it. SeaChange’s recently announced deal to put BBC Worldwide content into the cloud is a perfect example of us working with programmers to help them quickly come to market, scale, and monetize a complementary new business. **You are taking over as SeaChange continues to transition into a software-focused company. What is your vision for the company?** Around the globe, people are spending more hours per day consuming video, and the numbers continue to grow. I want SeaChange to continue to be known as the go-to-market partner for growing per-subscriber revenue through industry leading, innovative software solutions. **Tell us about your priorities for the next 12 months.** This is an exciting time for every stakeholder in cable. New technologies and emergent competition are sparking a round of innovation at a pace we’ve not seen before... I’m here to keep this innovation machine cranking and create new means for service providers and programmers to drive revenue growth by increasing viewership, maximizing ad revenue, and generating profits from multi-screen experiences.

Public File Requirement: FCC chmn *Tom Wheeler* circulated a NPRM proposing to extend its online public file requirement to cable, satellite and radio. Broadcasters are already required to file information regarding political ads in the FCC’s database. Wheeler proposed extending the requirement to major operators initially, before applying it to smaller players.

WWE Earnings: WWE’s OTT service WWE Network currently has 713K subs, the company said during its 3Q earnings release Thurs. The streaming service scored 31K net new adds in 3Q, including 28K overseas subs and 3K US subs. The company has said it looks to have 1mln for the service in its 1st year of operations (it launched in Feb). To draw more subs, the net is offering the service, which costs \$9.99 a month, for free for new subs through Nov and will eliminate the 6-month commitment for new subs. “Our research combined with best practices in digital subscription businesses affirms our belief that a simple, single price plan will help us continue to grow WWE Network’s subscriber base,” *Michelle Wilson*, chief revenue & marketing officer, said in a statement. The streaming offering includes WWE’s PPV events as well as original programming and on-demand content.

Verizon Talks Title II: The FCC lacks authority to “compel” ISPs to operate as common carriers under Title II, **Verizon** said in a White Paper filed with the FCC Thurs. The 1996 Telecom Act limited the Commission’s power to apply common-carrier requirements to a service provider only “to the extent” that the provider “is engaged” in providing common-carriage “telecommunications services,” Verizon said. As a result, the law categorically exempts from common-carriage regulations all information service. Some have suggested that the Commission alternatively could also change its interpretation of the 1996 Act so that information services and telecom services are no longer mutually exclusive categories, thus allowing the agency to impose Title II common carriage requirements. According to Verizon, “Title II merely defines the requirements that apply to a service that already is offered as a

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common-carrier telecommunica-tions service... Broadband remains an integrated service offering for ac-cessing, utilizing, storing, process-ing and retrieving information using the Internet via high-speed telecom-munications. Far from being offered on a stand-alone basis, data trans-mission remains an inherently inte-grated part of the finished service offered to consumers." In addition, there still is no way to use the Inter-net and to access, utilize, retrieve or process the stored information available through websites around the world "without also purchasing a connection to the Internet." Simi-larly, Verizon argued that the con-nection itself would be of little use to consumers without the integrated capabilities to access, use, store, process and retrieve information.

Starz 3Q: Thanks to original pro-grams like "Outlander," **Starz** added 500K new subs in 3Q, ending the quarter with 22.5mln subs. Revenue was up 2% YOY to \$327.2mln.

Programming: HRTV will offer full coverage of the 31st annual Breeders' Cup (13 races) from Santa Anita Park Fri through Sat. In addition, the net will offer post-race recap shows on Fri (8:30 pm) and Sat (9pm), as well as 60-min wrap-up Sun show (11am).

Editor's Note: Want some tips on marketing TV Everywhere to consumers? Then register for our Nov 18 webinar. More info at www.cablefax.com

CableFAX Daily Stockwatch

Company	10/30 Close	1-Day Ch	Company	10/30 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	85.38	0.94	CONVERGYS:	19.76	0.21
DISH:	62.29	0.34	CSG SYSTEMS:	26.11	(0.26)
ENTRAVISION:	5.13	0.02	ECHOSTAR:	46.61	0.01
GRAY TELEVISION:	9.12	0.29	GOOGLE:	550.31	0.98
MEDIA GENERAL:	14.50	0.09	HARMONIC:	6.50	0.38
NEXSTAR:	43.94	0.19	INTEL:	32.58	(1.34)
SINCLAIR:	28.94	0.12	INTERACTIVE CORP:	66.99	0.88
MSOS					
CABLEVISION:	18.75	(0.07)	JDSU:	12.97	0.54
CHARTER:	154.40	0.69	LEVEL 3:	45.41	0.82
COMCAST:	54.35	(0.55)	MICROSOFT:	46.05	(0.57)
COMCAST SPCL:	54.20	(0.53)	NETFLIX:	379.01	0.91
GCI:	11.74	0.11	NIELSEN:	41.40	(0.52)
GRAHAM HOLDING:	770.80	4.88	RENTRAK:	79.90	1.20
LIBERTY GLOBAL:	45.49	0.23	SEACHANGE:	6.66	0.05
SHAW COMM:	25.73	0.09	SONY:	18.72	0.36
TIME WARNER CABLE:	142.88	(0.87)	SPRINT NEXTEL:	6.00	UNCH
PROGRAMMING					
21ST CENTURY FOX:	34.56	0.21	TIVO:	13.03	(0.05)
AMC NETWORKS:	60.48	(0.24)	UNIVERSAL ELEC:	56.30	1.42
CBS:	53.89	(0.17)	VONAGE:	3.48	0.08
CROWN:	3.37	0.02	YAHOO:	45.63	0.20
DISCOVERY:	35.94	(1.08)	TELCOS		
DISNEY:	90.22	0.69	AT&T:	34.51	0.11
GRUPO TELEVISA:	35.52	0.65	CENTURYLINK:	41.49	0.50
HSN:	65.52	(1.49)	TDS:	24.93	(0.07)
LIONSGATE:	33.08	0.04	VERIZON:	49.90	0.07
MSG:	74.08	(0.64)	MARKET INDICES		
SCRIPPS INT:	76.53	(0.29)	DOW:	17195.42	221.11
STARZ:	30.28	(0.45)	NASDAQ:	4566.14	16.91
TIME WARNER:	79.65	1.04	S&P 500:	1994.65	12.35
VALUEVISION:	5.55	0.07			
VIACOM:	72.95	(0.51)			
WWE:	12.51	(0.76)			
TECHNOLOGY					
ADVANTAGE:	2.40	(0.01)			
AMDOCS:	46.81	0.10			
AMPHENOL:	49.49	0.30			
AOL:	42.92	0.39			
APPLE:	106.98	(0.36)			
ARRIS GROUP:	29.26	1.28			
AVID TECH:	10.00	(0.1)			
BLNDER TONGUE:	1.09	0.01			
BROADCOM:	40.69	0.36			
CISCO:	24.08	(0.02)			
COMMSCOPE:	25.26	0.14			
CONCURRENT:	7.18	0.29			

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PROGRAMMER'S PAGE

Getting Real Scary...

With Halloween comes costumes, candy, haunted houses, and of course scary TV shows and films. But more reality shows are also embracing the holiday with special eps, such as **Syfy's** iconic "Ghost Hunters" celebrating its 10th anniversary and 200th ep this month. As with retail, cable wants to extend the holiday as much as possible, Syfy svp, programming *Chris Regina* told us. The net rolls out the horror in late Sept to help promote the anticipated "31 Days of Halloween" programming block. "In a crowded environment, stunt programming has tremendous value, so I think networks are looking at ways to stretch and exploit Halloween as much as they can. The appetite from viewers for horror and darker programming seems to escalate in the Fall, so increasing not only the amount of content but the number of weeks to air it has real value," he said. Meanwhile, horror programming has become much more mainstream with shows like **AMC's** "The Walking Dead" and **FX's** "American Horror Story." As a result, it's much harder to break through the clutter, said Animal Planet vp, programming and scheduling *Andy Weissberg*. "However, I do believe that if you have attractive holiday content and let people know about it they will sample it—'tis the season." The channel is hosting a 5-day programming event dubbed "Beastly Nights" with new specials including "The Hunt for Hogzilla" and "Blood Lake: The Lost Footage." And with more nets doing originals, more original Halloween-themed programs exist this year. **MTV's** spine-chilling Halloween plans entails the world premiere of the net's original movie "The Dorm" on Oct 26, in addition to its Friday "Fright Night" programming event featuring horror classics like *Final Destination* and *Texas Chainsaw Massacre*. **Showtime's** Halloween treat features the replay of the 1st 2 eps of its British-American original "Penny Dreadful" freshman season. - *Joyce Wang*

Reviews: "White Collar," season VI premiere, Thurs, 9p, **USA**. The final season opens with con man Neal (*Matt Bomer*) at his dashing best, extracting an excellent deal from FBI agent Burke (*Tim DeKay*) in return for infiltrating a gang of super-thieves. As is sometimes the case with final seasons, characters' exits can be abrupt. Tonight's fast-moving ep includes one bittersweet departure and great shots of NYC. - "Olive Kitteridge," Sun, Mon, 9p, **HBO**. Those who read *Elizabeth Strout's* Pulitzer Prize-winning novel know it's a difficult piece to adapt to TV. HBO's gruff math teacher Olive (*Frances McDormand*) isn't quite the borderline personality disorder case Strout describes. Gone, too are excellent stories about small-town life in New England. What's left is a tragic, nuanced story, although its depressing nature and slow pacing may shed viewers before the touching finale. Strong are HBO alums *Richard Jenkins* ("Six Feet Under") as Olive's patient husband and *John Gallagher, Jr* ("The Newsroom") as her fed-up son. *Zoe Kazan* also shines. McDormand, who optioned the novel, is always good, despite her accent sometimes slipping into Marge Gunderson of " Fargo." - "Brothers in Exile," Tues, 9p ET, **ESPN**. A fabulous account with great footage of *Livan* and *El Duque Hernandez's* escapes from Cuba. -- "Over the Garden Wall," Mon, 7p, **Cartoon**. A beautifully done fairytale, great voicing. - *Seth Arenstein*

Basic Cable Rankings (10/20/14-10/26/14)			
Mon-Sun Prime			
1	ESPN	2.3	2216
2	FOXN	1.4	1346
3	DSNY	1.3	1290
3	USA	1.3	1279
5	TBSC	1.2	1139
5	AMC	1.2	1122
7	DSE	1.1	76
8	HGTV	1.0	969
9	DISC	0.9	919
9	FX	0.9	834
9	HIST	0.9	834
12	TNT	0.8	790
12	ADSM	0.8	734
12	TLC	0.8	720
12	HALL	0.8	657
16	A&E	0.7	707
16	FOOD	0.7	698
16	NAN	0.7	665
16	LIFE	0.7	648
16	FAM	0.7	636
16	SYFY	0.7	635
16	ID	0.7	573
23	SPK	0.6	531
23	DSJR	0.6	467
23	NFLN	0.6	422
23	HMM	0.6	331
23	FOXO	0.6	126
28	BRAV	0.5	499
28	ESP2	0.5	431
28	MSNB	0.5	431
31	CMDY	0.4	428
31	VH1	0.4	398
31	WETV	0.4	383
31	CNN	0.4	364
31	BET	0.4	360
31	MTV	0.4	360
31	TVLD	0.4	347
31	APL	0.4	339
31	OWN	0.4	324
31	TRU	0.4	317
31	NGC	0.4	315
31	FXX	0.4	303
31	LMN	0.4	297
31	DXD	0.4	293
31	GSN	0.4	292
31	NKTN	0.4	267

*Nielsen data supplied by ABC/Disney

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