

Cablefax Daily™

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What the Industry Reads First

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RealScreen Day 2: How to Survive, Embrace Disruptive Platforms

It's not video, but **WBEZ/This American Life's** "Serial" podcast came up again during day 2 of the RealScreen Summit. Serial, a radio program spinoff and currently a top podcast on iTunes, probably wouldn't have reached the mass audience if it weren't for so-called disruptive web platforms, several panelists said during a Thurs session. For cable, the increasing viewing on secondary platforms and the expansion of web video content means that 5 years from now will include a lot more brand integration and sponsored content, **WE tv** pres/gm *Marc Juris* said. And branding for individual channels will matter a lot more—with having an identity imperative, said *Kathleen Finch*, pres of **HGTV/DIY Network & GAC**. "Networks that will suffer the most [in an OTT era] are the ones that are all over the place. They will be replaced by companies like **Netflix** and **Hulu**," she said. That doesn't mean brands should shy away from disruptive platforms. "It's just one more opportunity to get our content out. We are screwed if we don't embrace it," Finch said. Regardless of delivery platform, "great content creates success," said *Alan Braun*, an agent with **Creative Artists Agency**. An upside: as barriers of entry become lower thanks in part to secondary delivery platforms, content will proliferate. Though it means programmers will have to take risks, "it's a great time to be content buyers," Braun said. While **Netflix** and **Amazon** have focused on originals in the scripted vein ("House of Cards," "Transparent"), **ALL3Media America** chmn *Stephen Lambert* believes "there will be real money spent on nonscripted by new entrants." As for **YouTube**, often cited as a typical OTT service, social media channels are creating communities around franchise shows. "That sense of community resonates with Gen Y and Gen Z," YouTube's core audience, said *Ivana Kirkbride*, head of unscripted at YouTube Originals (she was a contestant on Season 2 of NBC's "Apprentice"). Some 50% of viewing on YouTube occurs on mobile devices, leading to significant growth in content uploading on the platform. She noted on average 300 hours of video are uploaded every minute on the platform. While the company seeks to focus on scripted for YouTube original content, it is still looking to expand the unscripted slate. There are many personalities on YouTube, and "we want to help them explore new content formats," whether it's comedy, kids and family, or entertainment content, she said. With unscripted, YouTube is looking at franchise opportunities and creating "our versions of the Kardashians and Duck Dynasty."

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AMERICA'S CABLE CHANNEL FOR LATINOS

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Viacom Launching OTT Service: Viacom is gearing up to launch a **Nick**-branded, standalone OTT service that will be unveiled at the kids' net's upfront next month. "We believe this innovative service will have a distinct brand, will target the fast-growing mobile market and will be very attractive for parents and children," Viacom pres/CEO *Philippe Dauman* said during Thurs' 1Q earnings presentation. Details, including pricing and a name, are expected at the Feb 28 upfront presentation for the ad buying community (is that a sign it will have an advertising component?). Viacom COO *Thomas Dooley* added that the programmer is working closely with distributors who also want to satisfy consumers' demand for more programming that they can view on any device. In the OTT space, Viacom let its contract expire with **Netflix** in 2013, and signed a multi-year exclusive deal with **Amazon** shortly thereafter. Viacom's net earnings of \$500mln were down 9% compared to last year, while revenue rose 5% to \$3.34bln. US ad sales were down 6%.

TWC's Turnaround: Remember *Rob Marcus*' plea to just give **Time Warner Cable** some time to right the ship? One year later, he has some real nice apples to show for it. Residential video losses of 38K in 4Q were the MSO's best showing in years and far better than the Street's 103K consensus. Also beating consensus estimates were HSD net adds of 168K (up from just 39K a year ago) and 295K phone adds—eons ahead of the consensus estimate of 30K and the strongest ever in a 4Q. Interestingly, a "reasonable share" of the quarter's phone net adds were previous voice cord cutters, CFO *Artie Minson* said, pointing to the attractiveness of a \$10 phone add-on offer for bundles. "Time Warner Cable hasn't exactly climbed out of its sickbed to start dancing—revenues were light, programming costs are still spiraling higher—but the company is showing unmistakable signs of life," concluded **MoffettNathanson** analyst *Craig Moffett* in a research note. "For the first time in recent memory, they are winning on the unit growth level. Customers are back to bundling triple plays—a good sign for future growth—and TWC is back on the trajectory of growing its customer relationships." His take: if a **Comcast** merger were to fall through, TWC shares would fall, but maybe not as far as they once would. That all means **Charter** could have missed its window to buy TWC at "distressed prices," he said. **Evercore ISI** analysts believe there was a strong push to drive skinny packages and overall bundle. "It appears that management went for market share at the expense of near profitability, which should set up for improving cash flows in 2015," they said. TWC posted a 4Q profit of \$554mln, up from \$540mln a year ago. Revenue rose 4% to \$5.79bln. Programming costs continue to be a sore spot, climbing 7.1% (12.5%/video sub).

Merger Watch: With regulators still contemplating the proposed merger, **Comcast** and **Time Warner Cable** have updated their merger agreement, changing the end date to Aug 12 per an **SEC** filing. TWC execs reiterated on Thurs' earnings call that they continue to believe the deal will close early this year (and thus, TWC offered no full-year guidance). Comcast has a bit of a black eye this week with a story making the rounds in the press of a customer who has a bill in which his first name appears to have been changed to "A--hole." Paging customer service czar *Charlie Herrin*....

Cablevision Sues Verizon: **Cablevision** said Thurs that it has filed a lawsuit against **Verizon**, seeking to end its "false, misleading and deceptive advertising claims about WiFi service." The move comes just days after it announced its upcoming WiFi-only phone service *Freewheel*. "Verizon's claim that it has faster WiFi than Cablevision is false, deceptive and designed to mislead consumers. Verizon has no public WiFi network. In addition, Verizon's in-home routers are not faster than Optimum Smart Routers and cost Verizon customers hundreds of dollars while Optimum's are free," Cablevision said. "It is not a coincidence that Verizon is making false WiFi claims just as Cablevision is introducing its all-WiFi *Freewheel* phone, which will allow consumers to avoid Verizon's data caps and excessive data overage fees." Verizon bristled at the accusation. "We have not seen the lawsuit, but this is a boldface ploy to promote Cablevision's latest wireless gambit," a spokesperson said. "A third party has tested and validated the FiOS Quantum Gateway Router. It offers the fastest in-home Wi-Fi available from any provider. As usual, Cablevision is confusing consumers by using an apples to oranges comparison of in-home and public Wi-Fi."

Broadband Speed Boost: The **FCC** voted 3-2 along party lines Thurs to bump the benchmark for broadband speed to 25Mbps/3Mbps from 4Mbps/1. The new definition was included in the Commission Section 706 report, an annual account it sends to Congress. It's not a mandate for speeds that ISPs will have to offer, but a definition for advanced telecom. **NCTA** said cable offers 50Mbps to 85% of US homes, and "we are troubled that the Commission majority has arbitrarily chosen a definition of broadband in its Section 706 report that ignores how millions of consumers currently access the Internet." During Thurs' meeting, FCC chmn *Tom Wheeler* criticized ISPs for arguing that the benchmark doesn't need to be raised,

BUSINESS & FINANCE

while their own marketing material to consumers says otherwise. The FCC's 2015 Broadband Report adopted Thurs found that 53% rural Americans lack access to 25Mbps/3Mbps service (17% of all Americans lack access to those speeds).

Falco's Contract: Univision extended pres/CEO *Randy Falco's* contract through Jan 2018. "Under Randy's leadership and vision, the Company has meaningfully increased earnings and accelerated its transformation from a niche broadcast network to a multimedia powerhouse, with platforms across the spectrum of traditional and new media that appeal to the diverse U.S. Hispanic audiences like no other media company can," said Univision chmn *Haim Saban*. Falco has led the programmer since 2011.

Carriage for El Rey and One America: On Thurs, DISH launched **El Rey**, the English-language general entertainment net founded by filmmaker *Robert Rodriguez*. The net's available in DISH's America's Top 200, America's Top 250 and America's Everything Pak, as well as Dish LATINO packages including Plus, Dos and Max. -- **Herring Networks' One America News Net** will be launched on **GVTC Communications'** expanded basic channel lineup. GVTC serves a 2K sq mile region covering areas around Boerne, Canyon Lake and section north of San Antonio, TX.

Oops: "Appalachian Outlaws" is on **History**, not **A&E**.

Cablefax Daily Stockwatch

Company	01/29 Close	1-Day Ch	Company	01/29 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	84.88	0.31	CONVERGYS:	19.92	0.32
DISH:	73.48	1.95	CSG SYSTEMS:	25.27	0.20
ENTRAVISION:	6.35	0.04	ECHOSTAR:	52.94	0.66
GRAY TELEVISION:	9.65	(0.13)	GOOGLE:	510.66	0.66
MEDIA GENERAL:	14.41	(0.08)	HARMONIC:	6.91	(0.13)
NEXSTAR:	51.22	0.25	INTEL:	34.21	0.43
SINCLAIR:	24.85	(0.16)	INTERACTIVE CORP:	60.71	(0.94)
MSOS					
CABLEVISION:	19.14	0.30	JDSU:	13.26	(0.34)
CHARTER:	152.09	1.49	LEVEL 3:	50.05	0.28
COMCAST:	53.87	(0.72)	MICROSOFT:	42.01	0.82
COMCAST SPCL:	53.57	(0.73)	NETFLIX:	443.80	1.34
GCI:	15.32	0.11	NIELSEN:	44.34	0.54
GRAHAM HOLDING:	975.72	38.50	RENTRAK:	77.73	0.98
LIBERTY BROADBAND:	45.12	(0.49)	SEACHANGE:	7.27	0.23
LIBERTY GLOBAL:	46.41	(0.07)	SONY:	23.57	0.11
SHAW COMM:	23.45	(0.03)	SPRINT NEXTEL:	4.25	(0.11)
TIME WARNER CABLE:	137.77	(1.33)	TIVO:	10.64	0.11
PROGRAMMING					
21ST CENTURY FOX:	33.85	0.29	UNIVERSAL ELEC:	65.46	1.45
AMC NETWORKS:	66.88	(0.04)	VONAGE:	4.36	(0.01)
CBS:	55.72	(0.57)	YAHOO:	43.73	(2.73)
CROWN:	3.29	0.04	TELCOS		
DISCOVERY:	29.74	(0.04)	AT&T:	32.96	0.28
DISNEY:	93.22	0.55	CENTURYLINK:	37.50	(0.85)
GRUPO TELEVISA:	33.36	0.08	TDS:	23.25	(0.71)
HSN:	78.37	3.37	VERIZON:	46.11	0.06
LIONSGATE:	28.73	(0.02)	MARKET INDICES		
MSG:	75.63	0.47	DOW:	17416.85	225.48
SCRIPPS INT:	72.40	0.64	NASDAQ:	4683.41	45.41
STARZ:	28.92	0.33	S&P 500:	2021.25	19.09
TIME WARNER:	79.73	0.84	TECHNOLOGY		
VIACOM:	67.85	1.02	ADVANTAGE:	2.33	(0.02)
WWE:	12.47	0.38	AMDOCS:	48.81	0.57
MARKET INDICES					
DOW: 17416.85 225.48					
NASDAQ: 4683.41 45.41					
S&P 500: 2021.25 19.09					
TECHNOLOGY					
ADDVANTAGE: 2.33 (0.02)					
AMDOCS: 48.81 0.57					
AMPHENOL: 54.96 0.99					
AOL: 44.04 0.20					
APPLE: 118.90 3.59					
ARRIS GROUP: 26.84 0.46					
AVID TECH: 12.98 0.04					
BLNDER TONGUE: 1.74 (0.01)					
BROADCOM: 41.31 0.34					
CISCO: 27.22 0.41					
COMMSCOPE: 26.40 0.10					
CONCURRENT: 6.29 0.04					



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PROGRAMMER'S PAGE

Ready, Set, Bake!

Duff Goldman knows his way around the kitchen, but is he as good as the child bakers on Food's new competition series "Kids Baking Championship?" "If I was competing in this show, I *might* have a chance of winning. They are really sophisticated," Goldman told us. That statement's a shocker for anyone who has ever seen the elaborate cakes from his bakery featured on Food's "Ace of Cakes" for 10 seasons. With the rise of food stars on TV, cooking has become a popular hobby with the 13 and under set. "Food Network is one of those things the entire family can watch and enjoy. We're seeing kids are just so much more educated about food, and that's a really great thing," Goldman said. "The education they're giving people on, not only how to cook, but what is in their food." The show, which premieres Mon at 8pm, is judged by Goldman and actress Valerie Bertinelli. Wait, can Valerie bake? Goldman didn't test her, but said she's the right ingredient for the show. She kind of fills the mom role, and that's important for a competitive series involving children. The 4-ep stunt features eliminations after each challenge. You won't see a Gordon Ramsay-style beat down of contestants, but Goldman doesn't use kids' gloves either. He goes for respect. "Kids respond really well when you talk to them like adults," he said. "You give them straight-up answers that aren't scurrying around truths... I would ask them the same questions that I'd ask someone who owned a bakery for 20 years." What does the winning baker get? \$10K, an original cake featured at Goldman's Charm City Cakes, a Food Network magazine profile and bake ware. And of course, bragging rights. "These kids are so good," Goldman said. "I think people will be drawn in watching these amazing kids do things they could never dream of attempting—a lot of people are going to be really blown away." — Amy Maclean

Reviews: "Fortitude," Thursday, 10p, **Pivot**. We'll admit to a bias. Lately, in the northeast, a warm day is one where the temperature 'rises' into the 30s. As such, a series based in sub-freezing environs becomes strangely appealing. [For the record, and those of you in warmer climes, we enjoyed watching Fortitude in 70-degree weather, too]. While most dramas can be set anywhere, the Arctic is a major force in Pivot's 1st scripted series. The climate influences Fortitude's small yet diverse citizenry, sometimes in strange ways. Yet at its roots, Fortitude shines with strong storytelling and an ensemble led by Stanley Tucci, Michael Gambon and golden-throated Richard Dormer. -- "All About Sex," Sat, 11p, **TLC**. It sells, we know, so TLC has asked comedians Margaret Cho and Heather McDonald, actor Marissa Jaret Winokur and therapist Dr. Tiffanie Davis Henry to sip wine, laugh and talk sex on Sat nights. They do it well, with Cho, surprisingly, playing it straight as she recites apposite statistics. This Sat, the ladies, among other things, help a guy improve his 'technique,' discuss faking orgasms and your home's influence on sex. -- "Beautiful & Twisted," Sat, 8p, **Lifetime**. A man is the victim in a Lifetime film? Really? Well, it is Rob Lowe, and the film, co-starring Paz Vega, is a guilty, if violent, pleasure. - Seth Arenstein

Basic Cable Rankings (1/19/15-1/25/15) Mon-Sun Prime		
1	ESPN	1.7 1640
2	FOXN	1.6 1532
3	USA	1.4 1375
3	DSNY	1.4 1347
3	TBSC	1.4 1325
3	HIST	1.4 1313
7	HGTV	1.3 1252
8	DISC	1.2 1196
9	TNT	1.1 1060
9	DSE	1.1 73
11	ID	1 882
12	ADSM	0.9 885
12	LIFE	0.9 858
12	FX	0.9 821
12	A&E	0.9 821
16	TLC	0.8 794
16	FOOD	0.8 758
16	SYFY	0.8 748
16	BRAV	0.8 706
16	HALL	0.8 686
21	NAN	0.7 638
21	TVLD	0.7 627
21	DSJR	0.7 510
24	MSNB	0.6 595
24	SPK	0.6 590
24	AMC	0.6 563
24	FAM	0.6 549
24	CNN	0.6 542
24	OWN	0.6 466
24	HMM	0.6 344
31	APL	0.5 501
31	CMDY	0.5 458
31	ESP2	0.5 430
31	BET	0.5 406
31	LMN	0.5 402
36	MTV	0.4 387
36	VH1	0.4 374
36	EN	0.4 368
36	WETV	0.4 363
36	TRU	0.4 359
36	NGC	0.4 356
36	GSN	0.4 348
36	TRAV	0.4 332
36	H2	0.4 306
36	INSP	0.4 302
36	FXX	0.4 296

*Nielsen data supplied by ABC/Disney

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