

Cablefax Daily™

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What the Industry Reads First

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Back to the '90s: Cisco Shares Ride High, But Service Provider Sales Slump

Cisco shares soared to an 8-year high Thurs after it reported 2Q earning up 68% to \$2.4bln and revenue up 7% to \$11.94bln. "It's like the 90s all over again, except a whole new generation," said chmn/CEO *John Chambers* later in the day at an investor conference. He was harkening back to a decade in which Cisco grew for 10 years with a 65% growth rate. Here's the thing though... service provider sales are down, and he didn't sound optimistic that it would turnaround soon. "I'm not predicting that service provider spending comes back. Not this year at all, and it may not over the long term," he said. "We're focusing on service provider in a flat, tough market. If you're going to grow, you're going to have to gain wallet share and you're going to have to move into the areas that are relevant to them." Those include the cloud, mobility, video capability, speed of service delivery... Cisco's service provider video spending declined 19% to \$776mln. However, Cisco's revenue from the sector only fell 1% YOY, much improved over the double-digit declines it had averaged. "We have announced key partnership wins to develop the next-generation end-to-end video solutions from the set-top box to the cloud," Chambers said during the earnings call. He didn't mention **Charter**, but the MSO has tapped Cisco as key provider of its cloud-based Worldbox. Still, the CEO said the company's not modeling turns in the segment for "several quarters." His take on the service provider spending is that there will be negative growth in terms of CapEx this year, with "a lot of the experts saying it's actually going to be uglier in the next 6 months than it will at the back half of the year." Cisco's also focusing on the Internet of Things. Here's another 1990s comparison... Cisco was the thought leader in the '90s for companies who needed to get online, Chambers said, suggesting Cisco's in a similar spot for IoT. "The next generation of the Internet, the Internet of Everything, should generate at least 5 to 10 times the value of the 1st generation of the Internet to-date. No one is better positioned than Cisco," he said, pointing to the changes the company has put in place over the last year. "In the last year, we were willing to disrupt our leadership position for example in switching and routing by introducing entirely new platforms. We knew we'd see a short-term impact but told the market how we would grow." Chambers referred to those transformations repeatedly, even in the service provider space. "We are now winning big service provider deals that we would not even have been in the game in a year or 2 ago," he said.

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Fox Lands World Cup: FIFA announced Thurs that it has extended its current TV rights agreements in the US and Canada with **Fox** (English language), **Telemundo** (Spanish language) and Canada's **CTV/TSN** through the 2026 World Cup. The move surprised the soccer community and other typical bidders, including 2014 rights holder **ESPN**, which was not in talks with FIFA and unaware of the negotiations. In addition to the 2026 World Cup, the agreement includes the Women's, U-20, U-17, Beach Soccer and Futsal World Cups as well as the Confederations Cup.

WWE Network Numbers: **WWE** showed off some more numbers for its OTT **WWE Network** during its 4Q earnings call Thurs. The net, which surpassed 1mln subs in Jan, generated \$23.3mln in revenue based on an average of 721K paid subs. A free promo in Nov resulted in 242K trial subs. Following the success of Nov's free preview, all new subs who register for the net in Feb will receive the month for free. It's also starting to pick up intl subs after its launch in Aug to 170 countries. **WWE Net** had approx 44K intl subs in 4Q. It was made available in the UK on Jan 19. It has reached agreements with **Cogeco**, **Shaw** and others to ensure the net's available nationally in Canada before Mar 29's **WrestleMania** (**Rogers** is the exclusive distributor of **WWE** programming in Canada), and it also has an agreement with **OSN** to launch the net as a premium linear channel in the Middle East and North Africa. For the quarter, **WWE** posted rev gains of 19% YOY to \$140.5mln. Its net loss improved to \$1.6mln from \$7.9mln.

MVPD Definition: The **FCC** Media Bureau extended the comment filing deadline on a proposal to classify online video distributors as MVPDs until Mar 3. **NAB** and **Telecommunications for the Deaf and Hard of Hearing** had asked for 30 days, but the Bureau opted for 2 weeks instead. Replies are due Mar 18.

FCC Reform Bill: **House Commerce** unanimously approved House Majority Whip **Steve Scalise's** (R-LA) **FCC Consolidated Reporting Act**, which streamlines the number of reports to Congress that the **FCC** must file. The bill passed the House last year but died in the Senate. A similar version is pending in the Senate.

Scripps Numbers: **Scripps Nets Interactive's** 4Q numbers beat expectations, with the programmer's earnings up 22% to \$132mln. Rev was up 2.3% to \$669mln—with affil fee rev up 6.1% but advertising rev up only 0.3%. It blamed softness in the ad market and audience delivery at some networks. "Flat US advertising growth (vs +3% estimate) was disappointing relative to **SNI's** usual position at or near the top of industry growth for earnings to date," said a research note from **Moffett Nathanson**.

SeaChange + Concurrent: **SeaChange** and **Concurrent** announced a collaborative partnership to win new multi-screen video business. In conjunction with its **Adrenalin** multiscreen video software, **SeaChange** will resell **Concurrent's** **UpShift** unified content delivery solution and object storage, to deliver an integrated solution for streaming live and on-demand services to an array of IP-connected devices, as well as TV set-top boxes.

AMCN Ad Sales: Add **AMC Nets** to the list of programmers who have realigned ad sales in the past few months. In **AMCN's** case, it's combining **AMC** and **SundanceTV's** ad sales teams with **Marc Krok**, formerly head of ad sales for **AMC**, heading the group. **SundanceTV** svp ad sales **Todd Schwartzman** will serve as svp, ad sales for **BBC America**. **Allison Clarke** and **Vanessa Benfield** will continue to lead **WE tv** and **IFC** ad sales, respectively. They all report to ad sales evp **Scott Collins**, who adds **BBCA**, **Sundance** and **IFC** to his portfolio. Within the sales planning organization, **Steve Luttinger**, evp of sales strategy, now oversees sales planning across the company's five networks and continues to report to **David Epstein**, evp, content and inventory strategy.

Programming: **A&E** bows new original series "Neighbors With Benefits," following the lives of couples in the swinger lifestyle (Mar 22, 10pm). -- **USA** is teaming with the immersive attraction **Escape the Room** to promote upcoming mystery series "Dig" (Mar 5, 10pm). The special show-themed edition of **Escape the Room** challenges game enthusiasts to work together in small groups—and literally escape from a locked room—by solving riddles, cracking codes and analyzing artifacts before time runs out. There will be events in NY, Boston and Philly as well as **Universal Studios Hollywood** and **Universal Orlando**. -- **Hallmark's** "Countdown to Valentine's Day" wraps up Sat with the premiere of "All of My Heart" at 8pm The movie starring **Ed Asner** and **Lacey Chabert** caps off nearly 300 hours of

BUSINESS & FINANCE

romantic programming on the net. -- **CNN** debuts 2 new originals Mar 1: "Finding Jesus: Faith, Fact, Forgery" and "The Wonder List with *Bill Weir*." -- **TNT** renewed "The Librarians" for a 2nd season, with season 1 eps averaging 11.4mln viewers through linear telecasts, DVR playback, VOD and digital viewing.

People: *Jerry Leo* was upped to evp, program strategy, lifestyle networks and production for **Bravo Media**. In his expanded role, Leo will add responsibility for **E!** and **Esquire** to his current duties at Bravo and Oxygen Media. -- **Charter** added 3 execs to its product and strategy team: former **Starz** exec *Jason Wyrick* was named vp, application development; *Justin Colwell*, most recently with **CableLabs**, was tapped as vp, wireless products; and *Basil Badawiyeh*, formerly of **RGB Networks**, was tapped as sr dir, media products. Charter also promoted *Peter Brown* to vp, user experience design. -- *Tanya Van Pool* was named vp, research for **NAB**. She worked at **Discovery Comm** until joining NAB in 2011. She takes over for *Sharon Warden*, who retired at the end of '14.

Editor's Note: Who's the best dressed sales exec in cable ad sales? Who's the most traveled? Nominate them, along with your pick for Affiliate Sales Person of the Year, in **Cablefax's** Best Seller Awards. The entry deadline is today (2/13) at Cablefax.com.

Cablefax Daily Stockwatch

Company	02/12 Close	1-Day Ch	Company	02/12 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	87.83	0.49	COMMScope:	26.14	0.07
DISH:	77.36	1.20	CONCURRENT:	5.90	0.07
ENTRAVISION:	7.16	0.17	CONVERGYS:	20.96	0.22
GRAY TELEVISION:	9.77	(0.16)	CSG SYSTEMS:	30.38	0.39
MEDIA GENERAL:	15.25	0.10	ECHOSTAR:	54.49	0.74
NEXSTAR:	53.60	1.29	GOOGLE:	542.93	6.96
SINCLAIR:	25.68	0.50	HARMONIC:	7.89	0.12
MSOS			INTEL:	34.12	0.57
CABLEVISION:	20.28	0.36	INTERACTIVE CORP:	63.64	1.96
CHARTER:	177.03	1.74	JDSU:	13.03	0.02
COMCAST:	58.38	0.60	LEVEL 3:	54.01	0.32
COMCAST SPCL:	57.86	0.46	MICROSOFT:	43.09	0.71
GCI:	14.63	0.10	NETFLIX:	456.73	1.84
GRAHAM HOLDING:	961.14	1.15	NIELSEN:	43.57	(0.14)
LIBERTY BROADBAND:	50.21	0.84	RENTRAK:	58.51	(1.15)
LIBERTY GLOBAL:	49.79	0.44	SEACHANGE:	7.45	0.25
SHAW COMM:	23.79	0.38	SONY:	27.11	1.01
SHENTEL:	29.99	0.35	SPRINT NEXTEL:	5.15	0.12
SHENTEL:	29.99	0.35	TIVO:	10.70	(0.02)
TIME WARNER CABLE:	147.53	1.32	UNIVERSAL ELEC:	65.96	1.24
PROGRAMMING			VONAGE:	4.35	0.13
21ST CENTURY FOX:	34.41	(0.41)	YAHOO:	43.92	0.96
AMC NETWORKS:	68.05	0.55	TELCOS		
CBS:	57.77	1.02	AT&T:	34.61	0.22
CROWN:	3.29	0.08	CENTURYLINK:	39.29	(1.23)
DISCOVERY:	30.34	(0.25)	TDS:	26.24	(0.12)
DISNEY:	103.58	1.71	VERIZON:	49.52	(0.29)
GRUPO TELEVISA:	35.03	2.03	MARKET INDICES		
HSN:	65.80	0.56	DOW:	17972.38	110.24
LIONSGATE:	32.09	(0.33)	NASDAQ:	4857.61	56.64
MSG:	78.19	0.86	S&P 500:	2088.48	19.95
SCRIPPS INT:	72.61	(1.05)			
STARZ:	32.00	0.24			
TIME WARNER:	83.31	2.30			
VIACOM:	68.06	0.79			
WWE:	14.36	0.99			
TECHNOLOGY					
ADVANTAGE:	2.45	(0.02)			
AMDOCS:	50.78	0.94			
AMPHENOL:	56.00	0.45			
AOL:	40.56	0.34			
APPLE:	126.46	1.58			
ARRIS GROUP:	26.27	0.28			
AVID TECH:	13.78	0.54			
BLNDER TONGUE:	1.73	(0.09)			
BROADCOM:	45.46	0.94			
CISCO:	29.46	2.53			

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PROGRAMMER'S PAGE

Justice for All... Better Call Saul

We all got so doped up during the 5-year run of **AMC's** "Breaking Bad" that we thought the euphoria of brilliant storytelling would never end. Then it did. And it was like coming down from a Blue Sky high and finding ourselves sprawled out on the floor of Jesse Pinkman's spray-painted flop house. But when co-EPs *Vince Gilligan* and *Peter Gould* worked out a deal to base a spin-off on Walter White's humorously sleazy lawyer Saul Goodman, we all got excited. Then we worried: Will it be as good? Will it be too comedic? Can *Bob Odenkirk* really carry a series? It turns out those questions were as fruitless as a meth-head trying to bust open a stolen ATM machine. Not only did Sun night's premiere of "Better Call Saul" break TV records, it allayed any fears that the Gilligould Duo would fail to capture the right tone. In fact, these guys nailed it by deftly mixing dark humor and intense drama to show how a down-on-his-luck lawyer could go from scraping by on \$700 public defender checks to running hit-and-run scams to eventually negotiating with a drug dealer over whether he should break just one or two legs of his unfortunate captives. Of course, the question remains: Breaking Bad was so darned near perfect, why risk sully its legacy? "I didn't want to let it go," admitted Gilligan during a TCA roundtable last month. "We just loved the character of Saul." Noted Gould, "We never learned that much about Saul... We felt a desire to make it work." Even more amazing is that Better Call Saul offers copious nods to Breaking Bad fans while also standing on its own, allowing those who never witnessed Walter's fall from grace to understand every plot twist in his lawyer's backstory. "There's nothing worse than feeling like you're not in the joke when you watch something," said Gould. Rest assured that Better Call Saul is no joke. And we're guessing it will only get better. — *Michael Grebb*

Reviews: "Mind of a Murderer," premiere, Thurs, 10p, **ID**. The hook is a series of interviews with convicted killers. Dr. *Michelle Ward* goes face to face with them, hoping to probe craniums. The premiere features 'Ivy League Killer' *Jason Bohn*, who graduated from Columbia Law despite an awful childhood. Unfortunately, psychological scars remained, and Bohn brutally murdered his girlfriend in 2012. While it's exciting to look into a killer's eyes, Bohn, perhaps anticipating an appeal, reveals little, claiming he blacked out during the murder. Still, **ID** re-tells this sad story well. -- "Being Mary Jane," Tues, 11p, **BET**. The highly rated drama, one of the few led by with a successful, single black woman (played by *Gabrielle Union*), returned for its sophomore season 2 weeks ago. The series, **BET's** first hour-long scripted drama, is at its best when it focuses on Mary Jane's job as a news-show anchor and the issues she has with her family. It lags slightly when MJ mopes and obsesses about her bumpy love life. Still, Union's feisty portrayal, some excellent writing and the set (Mary Jane has a house to die for) merit attention. -- "Wild Australia," Sun, Mon, 9p, **Nat Geo Wild**. Fantastic camerawork puts us in the face of wombats and other red continent inhabitants. Loved the narration, too. - *Seth Arenstein*

Basic Cable Rankings

(2/02/15-2/08/15)

Mon-Sun Prime

1	FOXN	1.7	1491
2	USA	1.5	1406
3	TBSC	1.4	1390
4	AMC	1.3	1247
4	DSNY	1.3	1227
6	DISC	1.2	1160
7	HGTV	1.1	1095
7	HIST	1.1	1082
7	ESPN	1.1	992
10	FX	1	957
10	DSE	1	68
12	TNT	0.9	869
12	ADSM	0.9	834
12	HALL	0.9	811
15	A&E	0.8	759
15	LIFE	0.8	751
15	FOOD	0.8	744
15	TLC	0.8	736
15	ID	0.8	662
20	NAN	0.7	670
20	FAM	0.7	626
20	BRAV	0.7	610
20	TVLD	0.7	608
20	DSJR	0.7	490
25	SYFY	0.6	581
25	SPK	0.6	560
25	HMM	0.6	335
28	BET	0.5	471
28	CMDY	0.5	471
28	VH1	0.5	471
28	MSNB	0.5	464
28	APL	0.5	463
28	OWN	0.5	419
28	DFAM	0.5	27
35	CNN	0.4	422
35	MTV	0.4	418
35	ESP2	0.4	359
35	LMN	0.4	346
35	GSN	0.4	323
35	NGC	0.4	319
35	DXD	0.4	312
35	H2	0.4	311
35	INSP	0.4	291
35	NKJR	0.4	271
35	SCI	0.4	266
35	TV1	0.4	223

*Nielsen data supplied by ABC/Disney

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