

Cablefax Daily™

Wednesday — June 17, 2015

What the Industry Reads First

Volume 26 / No. 115

The Tom & Rob Show: Charter, TWC CEOs Give Employees a Preview

Time Warner Cable and **Charter** aren't yet merged, but for 1 day the CEOs came together. **Charter's Tom Rutledge** is the 1st non-TWC guest to speak in the MSO's internet "Wireside Chats" webcasts that are posted on an internal company site. The one-on-one interview with TWC CEO **Rob Marcus** gave Rutledge a chance to talk about that very public criticism it made of Time Warner Cable when it made its earlier, unsolicited offers to acquire it. "I was critical of it, but it was out of deep respect for what the company is and what it was and what it can be, what it is," Rutledge said according to a transcript filed with the **SEC**. "I think you guys have been through a very difficult situation. I mean you had a sale and a whole transition process and then it failed. And yet, at the same time, you've really performed really well during that whole period. So just the process of managing an acquisition like you went through and then, at the same time, throw up really good metrics... it's very impressive, and everyone in the company should be proud." Going forward, it is about putting the customer first and having the best, high quality offering, he said during Tues' company webcast. Rutledge offered some reassurance for Time Warner Cable and **Bright House** employees, saying that Charter plans to hire more people and have bigger call centers. "I think most of the existing function will continue to exist as it is, plus what we expand onto it," he said, suggesting that it could mean hiring another 20K people based on Charter proportions (hiring 7K employees over 3 years). It was interesting hearing Rutledge talk about the business services opportunity (Time Warner Cable has a \$3bln business vs Charter's \$700mln). One thing that Charter has committed to as part of the transaction is to build out speculatively before clients come aboard. Marcus noted TWC is already doing a lot of that, calling it "proactive build." "This is an underserved marketplace, it hasn't been historically that competitive. The CLECs of the world compete for the very largest customers, and the rest of the business has not been that competitive," Rutledge said of the opportunity. The web chat also offered employees a personal look at Rutledge, from his rise up the ranks from a pole climber to his previous stint at Time Warner Cable, including his unhappiness after AOL bought Time Warner. "I thought we had a great business, and that cable was the jewel in the whole business. They didn't see it that way. And I didn't think I was going to be happy

Cablefax

The FAXIES & BEST SELLERS

June 19, 2015 | Awards Breakfast | 8:30 – 10:30 am | Grand Hyatt in NYC

Salute the industry's top PR, communications and sales initiatives.

Don't miss this annual *celebration*! Register your team at www.cablefax.com/awards.

Sponsorships: Rich Hauptner, rhauptner@accessintel.com, 203-899-8460.

Registration Questions: Diana Rojas, drojas@accessintel.com, 301-354-1619.



IT'S TIME TO ENTER!

Entry Deadline: **June 22, 2015**

Final Deadline: **June 29, 2015**

Honoring the Best Content & People on All Programming Platforms

The world of content has opened up like never before, spanning broadcast, cable and Internet platforms. And Cablefax is on a renewed mission to find the best of the best regardless of where it originated or how consumers watch it.

Now's your chance to get recognized for the incredible value that content across platforms and screens brings to viewers everywhere. The Program Awards will honor the crème de la crème. We look forward to seeing your entry and saluting the top shows and people of the year.

Platinum/People Categories:

- Best Actor
- Best Actress
- Best Program
- Best New Program
- Best Showrunner
- Hall of Fame: Open to actors, writers, directors, producers and programming executives for a body of work

By Genre: Best Show or Series In The Following Genre:

- Animals/Nature
- Animated
- Children's
- Comedy
- Documentary
- Drama
- Education/Instructional
- Faith Based/Religious
- Family Friendly
- Food
- Music
- News
- Public Affairs
- Reality
- Reality Competition/Game Show
- Regional Program
- Sci Fi
- Sports
- Talk Shows
- Other: enter your best in a genre (not mentioned above)

By Genre: Best Actor/Actress/Host In The Following Genres:

- Comedy
- Drama
- Family Friendly
- Food
- Music
- News/Public Affairs
- Reality Competition/Game Show
- Regional Program
- Sports
- Talk Shows
- Other: enter your best in a genre (not mentioned above)

Special Categories

- Best Opening Sequence
- Best Mini-Series
- Best Online/Mobile Extras for a Linear Show
- Best Online-Only/ Mobile-Only Show
- Best Video on Demand Program/Special

The winners and honorable mentions will be honored October 1, 2015 in New York City.

**Enter by
June 22!**

Questions: Contact Mary-Lou French at mfrench@accessintel.com or (301) 354-1851.
Enter online at www.cablefaxprogramawards.com

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● 301.354.2101 ● Editorial Director: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Associate Publisher: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Editor: Joyce Wang, 301.354.1828, jwang@accessintel.com ● Sr Community Editor: Kaylee Hultgren, 212.621.4200, khultgren@accessintel.com ● Advisor: Seth Arenstein ● Dir. of Business Dev.: Rich Hauptner, 203.899.8460, rhauptner@accessintel.com ● Jr. Acct. Exec: Olivia Murray, 301.354.2010, omurray@accessintel.com ● Dir. of Market Dev.: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Production: Joann Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group, dschwartz@accessintel.com ● Group Subs: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Sub Questions, Client Services: 301.354.2101, clientservices@accessintel.com ● Annual subscription price: \$1,649/year ● Access Intelligence, LLC, 4 Choke Cherry Road, 2nd Floor, Rockville, MD 20850

in that environment and then I left,” he said. “And I didn’t know where I was going to go—that’s how dissatisfied I was. So I ended up at Cablevision, which I really enjoyed. And that was a great opportunity. It kinda looked like Time Warner, only it was regional.”

So It Begins: Commercial Network Services CEO *Barry Bahrami* confirmed the web hosting company is on the verge of filing an Open Internet complaint against **Time Warner Cable** with the **FCC**. At issue is whether CNS qualifies for settlement-free peering. “They want to sell us their paid service to get a fast lane,” he told us. His issue is that TWC is demanding a fee so that TWC customers can access CNS content over public Internet exchanges. “This seems even more absurd because all it is doing is forcing the traffic over costly transit links for both sides, yet it costs nothing to peer on an IX as you well know,” Bahrami wrote in an email to TWC execs. CNS, which hosts several webcams including SunDiegoLive.com (which it says is used to view fireworks and military returning from deployment), does not have a similar issue with **Cox** because the MSO has a peering arrangement with **Hurricane Electric**, Bahrami said. He said CNS doesn’t pay anyone for peering. Time Warner Cable said CNS doesn’t qualify for settlement-free peering, which is aimed at network operators that exchange large amounts of traffic at multiple locations and where there is mutual exchange of value. “There are many ways for a webcam operator like Commercial Network Services to exchange traffic with TWC and reach our broadband subscribers. Most companies like Commercial Network Services purchase transit service from one of the many commercial operators that interconnect with Time Warner Cable, and such transit providers have ample capacity available at low, market-based rates. TWC also offers comparable transit service at a competitive price,” the MSO said. “TWC’s interconnection practices are not only “just and reasonable” as required by the FCC, but consistent with the practices of all major ISPs and well-established industry standards. We are confident that the FCC will reject any complaint that is premised on the notion that every edge provider around the globe is entitled to enter into a settlement-free peering arrangement.”

Dolan’s Take: It’s no secret that broadband has become a major revenue generator for cable while the video business has suffered over the last couple years. At **Cablevision**, for example, the data business outperformed the video business 7-to-1 (dollar-for-dollar) in terms of profit back to the company, CEO *James Dolan* told the audience in a session at the **Guggenheim TMT Symposium**. “Video has lost a tremendous amount of margin... Connectivity has become our number one product. It’s no longer video... It’s true for us and it’s also true for **Comcast** and maybe **Charter**.” And the trend will only accelerate moving forward, he said at the session, which was webcast. The change in business means “the connectivity experience is going to be crucial” to retain and acquire customers, increase margin and further monetize the company’s assets, he said. That’s why the company offers services like WiFi and WiFi-based offerings like FreeWheel, he said, with real opportunity for cable to sell WiFi as a complement to consumers’ cellular service. On the video side, Cablevision offers 2 packages that combine traditional TV with OTT video. The packages not only target cord-cutters, they are also “very responsive [to customers] where price becomes a real issue.” Dolan noted Cablevision’s triple-play tier costs as low as \$39.99 a month, allowing the company to be known as the provider of affordable services. And with more OTT available, he said the traditional video programming bundle might start to crumble: “The one thing that we see as being inevitable, is a reduction in the number of customers that take the big bundle... That is going to have an impact on the programmers. How much of an impact? My own personal guess is somewhere around 20% to 25% over the next five years.” That is likely to hurt small programmers that have survived largely because they are part of a larger programming package. “If you’re a channel that is not highly viewed, that is extremely niche, you are going to have a hard time because you’ve been living off the ecosystem where everybody takes the bundle... If you don’t have a corresponding audience that goes along with that, then you’re not essential anymore.”

Fox’s Shakeup: It’s official. *James Murdoch* will be the CEO of **Fox**, replacing his father *Rupert*, effective July 1, Fox confirmed the widely reported move after the market closed Tues. As part of the senior management restructuring, Rupert and his other son *Lachlan* will become exec co-chairmen. *Chase Carey*, the deputy chmn/pres/COO since 2009, will become the exec vice chmn and serve in that role through June 30, 2016. In

conjunction with these changes, the company's corporate functions, and its global TV and film operations will now jointly report to Lachlan and James Murdoch. In a statement thanking Carey for his "friendship, counsel and leadership over the past decades," Rupert noted Carey will be actively engaged in supporting Lachlan and James as they step into their new roles.

Sony Goes A La Carte: In addition to announcing the expansion of PlayStation Vue to LA and San Francisco starting Tues, **Sony** said it will offer a la carte programming across the country next month. Initial offerings include **Showtime's** stand-alone streaming service, **Fox Soccer Plus** and **Machinima**. When cloud-based TV service PS Vue was first launched in March, it featured 3 tiers of programming options. The starting tier costs \$49.99 for 50 channels including local broadcast channels. The \$59.99 plan includes regional sports nets, and the \$69.99 tier features lifestyle, music and family nets. Vue is currently available in NY, Chicago and Philly.

Cable One: **Cable One** has adopted "a bold strategy" that calls for the acceleration of the demise of the video business and the expansion of its residential broadband service and business service, **New Street Research** analyst *Spencer Kurn* wrote in a research note after he attended the MSO's analyst day Mon. "We believe this is the right strategy. We think the company (and industry) should take it one step further and raise broadband HSD pricing to properly align pricing with the utility that is delivered to the customer," Kurn said. Parent **Graham Holdings** announced its plan to spin off Cable One last year.

Frontier's Expansion: **Frontier** has accepted \$283.4mln from the Connect America Fund to expand broadband to more than 1.3mln rural customers in 28 states. Meanwhile, **Bernstein Research** upgraded Frontier to "out-perform" from "market-perform" with a target price of \$6 based partly on the proposed acquisition of Verizon's CA, TX and FL wireline assets. The firm sees upside in Connect American Fund subsidies and believes that recent downward pressure on the stock will ease as operating performance improves in the coming quarters. Shares fell almost 25% in May. Tues' positive news sent shares up nearly 2%.

Children and Teen Measurement: Just how much video are kids really watching on their tablets? The **Coalition for Innovative Media Measurement** has signed off on a project to measure youth cross-media consumption (kids 2-7), tapping **RealityMine** to lead the effort. It's a move applauded by companies such as **Turner** and **Viacom**, which have long complained that the kids segment is unreliably measured. The project includes in-home and out-of-home consumption, and will be the 1st to use a router meter for whole home viewing of Internet content consumption combined with passive metering, audio fingerprint content recognition and advanced behavioral analytics. **TiVo Research** TV viewership data also will be part of the initiative, including VOD and OTT usage. CIMM said it received several responses to its RFP for a vendor for the project, but RealityMine in partnership with TiVo Research hit all the criteria as well as being able to do so with privacy and COPPA-compliant methods. RealityMine will recruit a panel of 500 households, with at least 1 child aged 2-17, using TiVo's PowerWatch panel homes.

Dispatch Off DISH: As the tea leaves predicted, **DISH** lost **Dispatch** stations **WTHR** (Indianapolis **NBC** affil) and **WBNS** (Central OH **CBS**) on Tues (**CFX**, 6/16). DISH used the blackout as another example why Washington needs to reform retransmission consent regs. The DBS provider said Dispatch declined its offer of a short-term extension while they continued negotiations. Meanwhile, **ACA** has jumped on Northwest and associated stations' retrans complaint at the **FCC** against **DirectTV**, saying it's proof that **NAB's** claims that retrans consent isn't broken are false. "Judging from the TV stations' complaint, it is evident that the retransmission consent market is broken and not working for these broadcasters any better than for cable operators," ACA pres/CEO *Matt Polka* said in a statement. "The time has come for these TV stations and others that have also filed good faith complaints to step out from NAB's long shadow and join ACA in supporting efforts to update the rules and equip them with a strong referee that can help protect consumers and competition when negotiations break down."

Synacor/Mediacom Deal: **Synacor** inked a multi-year agreement with **Mediacom** to offer TVE and advertising services. As part of the deal, Synacor will offer a redesigned, "consumer-centric" user interface, an advanced search & discovery metadata platform and an improved TVE login process, as well as targeted content syndicated by Synacor.

Programming: **Starz** greenlit a series based on contemporary fantasy novel "American Gods." *Bryan Fuller* ("Hannibal") and *Michael Green* ("The River") will serve as showrunners. -- **Showtime** renewed "Penny Dread-

BUSINESS & FINANCE

ful" for a 3rd season. Season 2 wraps up on July 5. -- Following the escape of 2 inmates from the NY Clinton Correctional Facility on June 6, **ID** will join the manhunt in its 1-hour special "Prison Break: Killers on the Run." Featuring the 2 inmates' past, conspiracy and details of the breakout, the series debuts on Thurs.

People: AMC and SundanceTV announced a new senior leadership structure, including the elevation of *Joel Stillerman* to pres of original programming and development for both channels, and the appointment of **AMC Nets** vet *Jan Diedrichsen* to the newly created position of exec dir of SundanceTV. The move came after the recent appointment of *Charlie Collier* as pres/gm of SundanceTV, adding to his oversight of AMC. Meanwhile, AMC's head of PR, *Marnie Black*, was upped to evp of PR for AMC and SundanceTV. Similarly, other members of Collier's AMC senior management team will expand their roles to oversee their same functional areas at SundanceTV. -- **Pac-12 Conference** marketing vp *Heather Vaughn* now will also oversee marketing for **Pac-12 Networks**. The Conference said this fits with its effort to collaborate between the channels and Conference with anything that's produced.

Cablefax Daily Stockwatch

Company	06/16 Close	1-Day Ch	Company	06/16 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	92.30	0.39	COMMScope:	26.09	0.04
DISH:	72.56	0.31	CONCURRENT:	6.28	(0.09)
ENTRAVISION:	7.62	0.17	CONVERGYS:	25.29	0.27
GRAY TELEVISION:	15.50	0.40	CSG SYSTEMS:	31.77	0.18
MEDIA GENERAL:	16.90	0.39	ECHOSTAR:	49.89	(0.37)
NEXSTAR:	56.70	0.31	GOOGLE:	528.15	0.95
SINCLAIR:	29.40	0.02	HARMONIC:	7.25	0.08
MSOS			INTEL:	31.64	0.25
CABLEVISION:	23.85	0.03	INTERACTIVE CORP:	76.48	0.20
CHARTER:	169.97	(1.22)	JDSU:	12.64	(0.08)
COMCAST:	58.88	0.54	LEVEL 3:	54.77	0.46
COMCAST SPCL:	58.41	0.40	MICROSOFT:	45.83	0.36
GCI:	16.83	0.10	NETFLIX:	666.91	12.89
GRAHAM HOLDING:	1052.91	1.01	NIELSEN:	44.82	0.06
LIBERTY BROADBAND:	51.91	(0.03)	RENTRAK:	70.00	1.11
LIBERTY GLOBAL:	55.96	(0.03)	SEACHANGE:	7.78	(0.08)
SHAW COMM:	22.23	0.22	SONY:	30.44	(0.24)
SHENTEL:	31.61	0.72	SPRINT NEXTEL:	4.64	0.02
SHENTEL:	31.61	0.72	TIVO:	10.66	(0.03)
TIME WARNER CABLE:	177.26	(1.08)	UNIVERSAL ELEC:	53.41	0.49
PROGRAMMING			VONAGE:	4.85	0.06
21ST CENTURY FOX:	32.26	(0.2)	YAHOO:	40.64	0.17
AMC NETWORKS:	79.74	1.58	TELCOS		
CBS:	57.69	(0.45)	AT&T:	34.67	0.26
CROWN:	4.35	0.04	CENTURYLINK:	32.22	(0.15)
DISCOVERY:	32.89	0.16	TDS:	29.49	(0.14)
DISNEY:	111.06	0.88	VERIZON:	47.42	0.42
GRUPO TELEVISA:	38.86	0.19	MARKET INDICES		
HSN:	68.56	0.34	DOW:	17904.48	113.31
LIONSGATE:	37.46	0.72	NASDAQ:	5055.55	25.58
MSG:	85.10	0.04	S&P 500:	2096.29	11.86
SCRIPPS INT:	67.09	(0.27)			
STARZ:	42.06	0.28			
TIME WARNER:	87.04	0.86			
VIACOM:	67.39	0.82			
WWE:	15.81	0.18			
TECHNOLOGY					
ADDVANTAGE:	2.36	0.04			
AMDOCS:	55.74	(0.03)			
AMPHENOL:	57.15	0.16			
AOL:	49.98	(0.05)			
APPLE:	127.60	0.68			
ARRIS GROUP:	31.67	(0.49)			
AVID TECH:	15.53	(0.26)			
BLNDER TONGUE:	0.80	0.00			
BROADCOM:	53.74	(0.45)			
CISCO:	28.71	0.23			

CableJobs

The Trusted Talent Resource

Find the most reliable
and ideal candidates on
Cablefax's Job Board Today!

Select the **BOGO** product package at check-out through June 30
and receive two job postings for the price of one!

Pre-purchase job credits and use them for up to a year.

Visit www.cablefax.com/jobs to post your open jobs today!

BUY ONE GET ONE FREE

by June 30

*Does not apply to any previous job postings.