

# CableFAX Daily™

Thursday — January 17, 2013

What the Industry Reads First

Volume 24 / No. 012

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## MMTC Summit: Data Caps, Net Neutrality Addressed

Among talks on digital inclusion, spectrum and regulatory flexibility, issues like net neutrality and tier pricing got quite a few mentions at the 4th Broadband and Social Justice Summit by the **Minority Media & Telecom Counsel** Wed. "In discussing the future of the Internet, we should remember that it was its open and limitless nature that allowed it to become the invaluable tool that we depend on today," said Rep *Yvette Clarke* (D-NY) during the summit's Congressional luncheon. "We must be cautious in regulating the Internet to be certain that we encourage further innovation in the field," she said, proposing ways to ensure "the natural process of technological innovations is not impeded." Specifically, "we can stop Internet service providers from discriminating against content providers by limiting the sort of content they will filter," said Clarke, who chairs House Homeland Security Subcommittee on Emerging Threats, Cybersecurity, Science and Technology. She also proposed monitoring data caps and permitting only those that are aimed at preventing network congestion. The bottom line is "data caps must not be imposed just to force customers to pay more for Internet service." Speakers at an industry panel might have a different view. The pricing practice is an opportunity to provide choices to consumers, said *Fernando Laguarda*, vp, external affairs and policy counsel, **Time Warner Cable**, citing the op's Internet Essential service. It allows the option to choose a plan with a lower data allotment and price point, based on consumers' Internet needs and budget. Tier pricing drives interests to Time Warner Cable's services and provides flexibility for consumers, Laguarda said. It's good for return on investment and broadband adoption, he said. **AT&T's** prediction? "Tier pricing is here to stay for the foreseeable future," according to *Bob Quinn*, svp/chief privacy officer. Tier pricing also demonstrates the increased demand for data and the need for spectrum for address network constraint, he said. Speaking of spectrum, several speakers, including *David Grain*, pres, **Grain Management**, called on the **FCC** to consider new spectrum bidding process to better include minority businesses. The number of minority-owned broadcasters continue to decline precipitously every year, Grain said, calling on Verizon to structure an open, inclusive process around its ongoing sale of the valuable 700 Mhz spectrum. Other spectrum holders like **DISH** should be commended to partner with small and minority-owned businesses to identify spectrum opportunities, Grain said. Another area that government can play a role is to encourage adoption, Laguarda said. The role of the FCC isn't just regulating entities, he said. "If your only tool is hammer, you tend

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to see every problem as a nail." The regulators should think about "who we can cooperate with" instead of "who we can regulate," he said. The FCC took a few shots from former Republican Congressman *Cliff Stearns* (FL), who said the Commission needs a major reform. However, it's difficult to do so with a Republican-majority House and a Democrat-controlled Senate, he acknowledged. The FCC needs to be less political and more structural, he said. Another area that the government, especially municipalities, can work on is expediting the licensing process, Quinn said, citing Kansas City government's support for **Google Fiber**. Quite the contrary, **Verizon FIOS** encountered difficulties when it was trying to deploy fiber to parts of MD, slowing down the deployment process, he noted.

**Guns & Violence:** As expected, President *Obama's* proposals to curb gun violence dealt largely with gun control, but the media was mentioned. The Administration is calling on Congress to provide \$10mIn for the **CDC** to conduct further research, including investigating the relationship between video games, media images and violence. "While year after year, those who oppose even modest gun safety measures have threatened to defund scientific or medical research into the cause of gun violence, I will direct the Centers for Disease Control to go ahead and study the best way to reduce it," Obama said in remarks that were televised across cable news and major broadcast nets. Wed's proposals came after Vice President *Joe Biden* met with key groups over the past week, including reps from the entertainment industry. "We support the President's goal of reducing gun violence in this country," said a joint statement from **NCTA, NAB, MPAA** and the **Independent Film & TV Alliance**. "It is a complex problem, and as we have said, we stand ready to be part of the conversation and welcome further academic examination and consideration on these issues as the President has proposed." The violence issue is also addressed in a bill introduced in Dec by Sen Commerce chmn *Jay Rockefeller* (D-WV) that would study the effect of violent video games and video programming on children (*Cfax, 12/20*). Rockefeller said Wed that he will reintroduce his bill in the new Congress. It would require the **National Academy of Sciences** to investigate and report its findings to Congress, the **FTC** and **FCC**. Rep *Ed Markey* (D-MA) said he will introduce a bill on Fri to codify and expand on Obama's executive orders to end the ban on federal gun violence research. Dubbed the "Firearm Safety and Public Health Research Act," it would lift prohibitions on all federal agencies, including the **National Institutes of Health**, from conducting research into firearms safety and gun violence prevention (Obama's exec order only applies to CDC). Gun regulation was the crux of the proposals, with the president calling for a ban on assault weapons, universal background checks and limits on magazines.

**Advertising:** **Invidi** and **Sony** subsidiary **Gracenote** are working together to develop an addressable ad system that can identify what TV programs and commercials viewers are watching in real time and determine which commercials should play next. Gracenote also announced deals with **mDialog** and **DG** to collaborate on targeted ads. MDialog works with media companies to manage, deliver, and measure video advertising across IP-connected devices, including iPad, Xbox, **Roku** and GoogleTV. DG operates the largest global ad mgmt and distribution network.

**MMTC Notes:** **FCC** commish *Robert McDowell* hopes the Commission will pursue "legally sustainable gender- and race-neutral means" to increase diversity, including minority and female ownership, such as launching an incubator program, similar to the one proposed by MMTC, he said at the group's Summit Wed. The agency also needs to consider **MMTC's** other "race neutral" proposals. Specifically, throughout the current media ownership proceeding, many advocates have underscored the difficulties in accessing capital, the Republican commish noted. Unfortunately, this is not a problem the FCC can directly fix. Nonetheless, the Commission should continue its efforts to "assist small and minority- and women-owned businesses to locate financing by connecting people who have money with people who need money, such as through workshops and mentoring," McDowell said. Furthermore, "we should adopt policies and programs that will remove barriers to obtaining capital," he said.

**At the Portals:** The **FCC** is reminding telecom carriers and interconnected VoIP providers that they must file their annual reports certifying protection of Customer Proprietary Network Info by Mar 1. CPNI includes personal info such as phone numbers of calls made/received; the frequency of calls, etc. In prior years, many companies have failed to file, or have filed certificates that failed to comply with rules. Failure to comply could result in forfeitures of up to \$150K for each violation, up to a maximum of \$1.5mIn.

**Ratings:** **YES** finished '12 as the most-watched RSN in the country for the 10th straight year, averaging 68K primetime

# BUSINESS & FINANCE

HHs in the NY DMA. The #2 RSN spot goes to **Comcast SportsNet Philly**, which averaged 55K in prime.

**Programming:** Bravo greenlit a series on extreme parenting that will follow parents who practice unique styles of raising their children. Also zeroing in on parenting is **HLN**, which announced a 2-hour weekday show that will cover major news stories and explore their impact on American families. "Raising America with Kyra Phillips" launches on Feb 4. And in other parenting programming news: **Oxygen** pulled the plug on "All My Babies' Mamas" following complaints and a Change.org petition. A 1-hour special was in development, but reports that it would feature Atlanta rapper *Shawty Lo* and his 11 children from 10 different mothers upsetting some. Oxygen did not have a deal with Shawty Lo. His family was considered for the special, but the production company was considering others as well. "As part of our development process, we have reviewed casting and decided not to move forward with the special. We will continue to develop compelling content that resonates with our young female viewers and drives the cultural conversation," Oxygen said.

**People:** **Suddenlink** promoted *Kevin Stephens*, a **CableFAX Magazine** Top Minorities in Cable honoree, to pres of its commercial & advertising operations. Additionally, *Brian May* was upped to vp, IT and *Bradley Cooke* was promoted to vp, technical ops.

## CableFAX Daily Stockwatch

| Company                      | 01/16 Close | 1-Day Ch | Company               | 01/16 Close | 1-Day Ch |
|------------------------------|-------------|----------|-----------------------|-------------|----------|
| <b>BROADCASTERS/DBS/MMDS</b> |             |          |                       |             |          |
| DIRECTV:                     | 52.79       | 0.04     | ECHOSTAR:             | 35.04       | 0.12     |
| DISH:                        | 37.35       | 0.29     | GOOGLE:               | 715.19      | (9.74)   |
| DISNEY:                      | 51.53       | 0.44     | HARMONIC:             | 5.09        | (0.05)   |
| GE:                          | 21.12       | (0.08)   | INTEL:                | 22.11       | 0.23     |
| NEWS CORP:                   | 27.49       | (0.01)   | JDSU:                 | 13.50       | 0.14     |
| <b>MSOS</b>                  |             |          |                       |             |          |
| CABLEVISION:                 | 15.23       | (0.27)   | LEVEL 3:              | 23.58       | 0.23     |
| CHARTER:                     | 78.34       | 0.02     | MICROSOFT:            | 27.04       | (0.17)   |
| COMCAST:                     | 39.18       | (0.02)   | RENTRAK:              | 19.30       | (0.53)   |
| COMCAST SPCL:                | 37.66       | (0.05)   | SEACHANGE:            | 10.60       | (0.11)   |
| GCI:                         | 8.47        | (0.18)   | SONY:                 | 11.20       | (0.03)   |
| LIBERTY GLOBAL:              | 67.54       | 0.73     | SPRINT NEXTEL:        | 5.53        | (0.09)   |
| LIBERTY INT:                 | 20.96       | (0.07)   | TIVO:                 | 11.94       | (0.15)   |
| SHAW COMM:                   | 23.51       | 0.18     | UNIVERSAL ELEC:       | 18.52       | (0.2)    |
| TIME WARNER CABLE:           | 98.85       | 0.26     | VONAGE:               | 2.50        | UNCH     |
| VIRGIN MEDIA:                | 38.70       | 0.83     | YAHOO:                | 20.07       | 0.55     |
| WASH POST:                   | 379.78      | 3.00     | <b>TELCOS</b>         |             |          |
| <b>PROGRAMMING</b>           |             |          |                       |             |          |
| AMC NETWORKS:                | 54.52       | 0.10     | AT&T:                 | 33.26       | (0.5)    |
| CBS:                         | 37.94       | (0.16)   | VERIZON:              | 41.51       | (0.46)   |
| CROWN:                       | 2.00        | (0.03)   | <b>MARKET INDICES</b> |             |          |
| DISCOVERY:                   | 66.93       | (0.16)   | DOW:                  | 13511.23    | (23.66)  |
| GRUPO TELEVISA:              | 27.41       | UNCH     | NASDAQ:               | 3117.54     | 6.76     |
| HSN:                         | 59.51       | (1.18)   | S&P 500:              | 1472.63     | 0.29     |
| INTERACTIVE CORP:            | 42.38       | (0.34)   |                       |             |          |
| LIONSGATE:                   | 17.99       | (0.01)   |                       |             |          |
| OUTDOOR:                     | 7.50        | (0.02)   |                       |             |          |
| SCRIPPS INT:                 | 58.33       | (0.7)    |                       |             |          |
| TIME WARNER:                 | 49.17       | 0.04     |                       |             |          |
| VALUEVISION:                 | 2.23        | (0.05)   |                       |             |          |
| VIACOM:                      | 59.61       | (0.52)   |                       |             |          |
| WWE:                         | 8.06        | 0.04     |                       |             |          |
| <b>TECHNOLOGY</b>            |             |          |                       |             |          |
| ADVANTAGE:                   | 2.19        | 0.03     |                       |             |          |
| ALCATEL LUCENT:              | 1.65        | (0.01)   |                       |             |          |
| AMDOCS:                      | 35.27       | 0.08     |                       |             |          |
| AMPHENOL:                    | 68.26       | (0.09)   |                       |             |          |
| AOL:                         | 29.98       | 0.24     |                       |             |          |
| APPLE:                       | 506.09      | 20.17    |                       |             |          |
| ARRIS GROUP:                 | 16.26       | (0.3)    |                       |             |          |
| AVID TECH:                   | 7.39        | (0.01)   |                       |             |          |
| BROADCOM:                    | 35.00       | 0.81     |                       |             |          |
| CISCO:                       | 21.03       | 0.05     |                       |             |          |
| CLEARWIRE:                   | 3.14        | (0.04)   |                       |             |          |
| CONCURRENT:                  | 5.99        | 0.16     |                       |             |          |
| CONVERGYS:                   | 16.90       | (0.08)   |                       |             |          |
| CSG SYSTEMS:                 | 19.12       | (0.16)   |                       |             |          |

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## Think about that for a minute...

### The Broadband SuperHypeway

Commentary by Steve Effros

Fourteen years ago I mentioned that I was going to write a book entitled the "Information SuperHypeway." The term was a take-off on the then most common buzz-phrase of the "Information Superhighway" popularized at the time by Al Gore. I'm still going to write that book because the hype hasn't stopped, it's just morphed from talking about "information" to talking about the infrastructure itself—"broadband."



It's hard to avoid the drumbeat these days about why it's absolutely necessary that we get a "1 Gig" broadband infrastructure built throughout the United States. As I mentioned a couple of weeks ago, the low-ball estimate for the government to build it as a "public utility" would be around \$140 billion.

Needless to say, I don't think it's going to happen that way. But it might be useful to take a look at the reality of broadband infrastructure and its limitations to understand why the folks trumpeting for "more" simply don't make much sense.

Their base argument is that if someone can think up any newer, faster, bigger, and therefore presumably better program or application or device or even a theoretical use of "broadband," that should be enough to justify the demand that the infrastructure to accommodate it should somehow be funded and built. This is sheer nonsense.

We know folks who love building cars that can go 160 MPH or more around the Atlanta Speedway. Does that mean that all roads in the United States should be "upgraded" to be able to handle cars going at 160 MPH?

Put in telecommunications terms, we had the television set manufacturers focusing a big spotlight on the "newest" television sets earlier this month at the CES Show. The big news: 4K, "Ultra HD." Four times the resolution

of "regular" HD! And yes, just as those cars are, indeed, fast, 4K sets produce great pictures. Now you can't really see the difference until the set is larger than will fit properly in most living rooms, but still, it's a great picture. Does that really mean that all the infrastructure related to delivering video to those "newest, greatest" sets should now be rebuilt to be able to deliver all that data to them?

No one really wanted to focus on that question. Turns out that even with the best, newest compression algorithms 4K delivery would require close to 6 MHz of bandwidth! We're going backwards! The broadband industry moved to digital in order to make video delivery more efficient than the 6 MHz per channel required for analog delivery. Now we're back eating up the bandwidth as though it was limitless. Well it's not. And some television set folks are already talking about 8K! All they care about is selling "new" sets... forget the practical question of how it's really going to work, where the bandwidth will come from to actually feed those monsters.

But that goes back to the "hype" logic; if someone can figure out a bigger, better, faster device, then everyone has to bow to the "need" to feed the monster. Well, it's time to call it what it is; total hype. The infrastructure is simply not in place to deliver "4K" over the Internet or "OTT" in any volume, and cable operators should be loathe to go back to the old days of assigning so much bandwidth to one channel. It just doesn't make sense, no matter how loud the hype gets. The fact that we can imagine using limitless bandwidth doesn't, shouldn't and won't make it so.

*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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