

CableFAX Daily™

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What the Industry Reads First

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Gigabit Broadband: What Can It Do and How to Get There

A big part of departing FCC chmn *Julius Genachowski's* legacy might be his continuous push for faster broadband. In '10, his National Broadband Plan set a goal of reaching 100 Mbps broadband to 100mln HHs by '20. The chmn has since upped the ante with his challenge to get speeds to 1 Gbps. "We need more Gigabit communities in the US... We need a critical mass of Gigabit communities," he said during the agency's workshop Wed, citing **Google's** fiber network initiative. The reality is many existing applications don't require a gigabit connection, and making the network financially successful could be a challenge, according to *Kevin Leddy*, evp, corporate strategy, **Time Warner Cable**. "While we want speeds, we also want affordable infrastructure" so there's good return on investment to expand broadband to more areas over time, he said. But he said throughput is as important as speed, at least for residential subs. The op doubles the size of its network every 2 years to improve capacity, he said, adding that a good public-private partnership is critical. He cited TWC's ConnectNYC initiative as a template for gigabit programs. The competition to build out fiber connectivity for commercial and industrial buildings across NYC's 5 boroughs is a partnership with NYC Economic Development Corp (winners will be announced April 4). The city "is not asking us to build and provide service for free," Leddy said (winner of the competition needs to commit to a year of service). An effective demand aggregation strategy is also key, including acquiring subs in large bundles, minimizing deployment costs through partnerships and creating gigabit-worthy content and services, said *Mark Ansbury*, pres/co-founder of **Gigabit Squared**. The "killer app" is regional video conferencing, said *David Sandel*, pres of **Sandel & Associates**, which works with gigabit initiatives around the world. "Every gigabit community can improve its bottom line," he said. "It's about improving the economic output of the entire region." Specifically, gigabit connections can also enable software-defined networks, neighborhood cloud-based storage and more end user generated content, said *William Wallace*, executive director, **US Ignite**, as well as enable remote radiology, remote surgery, and personal sensor networks. Wallace said it's also about "big data," including genomes and personalized health records, evidence-based personalized medicine, longitudinal monitoring and sensors, high quality medical photos and videos. Dr *Kecia Ray*, executive director of learning technology at **Metro Nashville Public Schools**, cited advanced education, estimating that school districts use approx 800 Mb on any given instructional day while their internal infrastructure is 100 Mb with capacity to 1

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Gb. School districts want to move student assessments online (beginning '14-'15), she said, but reliability is key in a testing environment. Gigabit infrastructure to anchor institutions will ensure access to content and instruction 24/7, she said.

In the Courts: The **US Supreme Court** backed **Comcast** in a 5-4 opinion released Wed, ruling that a group of Philly subs who accuse the MSO of overcharging them and buying out competitors to create a local monopoly was improperly certified in a class action case. Comcast challenged the 3rd Circuit's upholding of the certification of the class suit. Justice *Antonin Scalia* wrote for the majority, saying that under the proper standard for evaluating certification, the subs fell "far short of establishing that damages are capable of measurement on a classwide basis." The dissenting justices were *Ruth Bader Ginsburg*, *Stephen Breyer*, *Sonia Sotomayor* and *Elena Kagan*. In a joint dissent penned by Ginsburg and Breyer, the justices said the court's decision to review the merits of certification is "unwise and unfair" and that the opinion "breaks no new ground" on the standard for certifying a class action.

Launch Pad: **Participant Media's** upcoming TV network targeting Millennials revealed its name and programming slate at its NY upfront Wed. **Pivot's** dual goal is to provide both "entertainment and inspiration," said **Participant Television** pres *Evan Shapiro*. The idea is to encourage social responsibility—an integral part of Millennials' worldview, according the company's extensive research—through an uncommon distribution model. Much like **TheBlaze** (*Cfax*, 9/13), pivot will be available to both pay TV subscribers and broadband subscribers. With MVPDs "at risk of losing" an entire generation of customers, Shapiro said, pivot aims to reach them on all platforms—what they want, when they want it and where they want it. Sound like TV Everywhere? That's the idea. Included in the launch is "an aggressive set of TV Everywhere rights" he said, and the pivot app will provide a 2nd-screen experience with more info on social causes addressed in its programming. Pay TV and broadband providers each reach a portion of the demo, Shapiro said. "We want to serve 100% of them." Broadband-only subs will subscribe to the channel through their particular broadband provider, and Participant vows it will be cheap. "We're not putting out the price now because it may be a little bit different per carrier, but I will say it's going to cost less per month than a cup of coffee," Shapiro told **CableFAX** after the presentation. We're not sure if he's talking venti vanilla frap or a 7-11 cup of Joe. Come launch on Aug 1, the net's slate will include world TV premieres of feature film docs, acquired series such as "Friday Night Lights" and "Little Mosque" and numerous original series, including "TakePart Live," a live TV talk show 5 nights a week, *Joseph Gordon-Levitt's* online community project "hitRECORD on TV," "Raising McCain" featuring *Meghan McCain* and "Will," a scripted period piece about *William Shakespeare* from writer *Craig Pierce*. Pivot will collaborate with *Rolling Stone* to create a week of programming on the lifestyle and passions of Millennials via a series of documentaries. Writers and editors from the magazine will appear on air during the week. In addition, both companies will commission a research study on the lives and interests of Millennials. Participant bought **Documentary Channel** and **Halogen** and is combining them to create the new net, which will reach an estimated 40+mln subs (*Cfax*, Dec 18).

HRTS Notebook: Top reality TV producers evangelized unscripted content during an **HRTS** lunch Wed in Beverly Hills—but they agreed that coping with talent can be tough. **Gurney Productions** owner *Deirdre Gurney* of A&E's "Duck Dynasty" fame, said it can affect the show when people plucked out of obscurity start getting famous. "They need to be who they were the season before, and their lives have completely changed," she said. *Philip Segal*, CEO and executive producer at **Original Productions**, said production companies and networks could avoid some problems if they offered better deals to reality talent early on. But he said ultimately it comes down to human nature when magazine covers and Times Square billboards jetison unknowns to sudden fame. "It goes back to that billboard," he said. "When a show is successful and it goes off the chart, you're going to have problems." [**More on the HRTS luncheon at CableFAX.com**]

Honors: 39 Peabody Awards were announced Wed, and cable nets picked up more than a handful. Among the winners were **HBO's** "Girls," **FX's** "Louie," **TNT's** "Southland," **ABC Family's** "Switched at Birth" and **Comedy Central's** "D.L. Hughley: The Endangered List." **BBC America's** "Doctor Who" received an Institutional Peabody for "evolving with technology and the times like nothing else in the known television universe." **The Documentary Channel**, which is being merged with **Halogen** to form the new **pivot** (see "Launch Pad" above), won for its doc on war-zone reporters. Other wins included **Smithsonian Channel's** "MLK: The Assassination Tapes," **Al Jazeera's** "Sheikh Jarrah, My Neighborhood," **CNN's** Syria coverage and **Univision's** reporting on the ATF's gun-tracking program. HBO also received Peabody honors for 2 docs as well as "Game Change" and "Real Sports with *Bryant Gumbel*."

BUSINESS & FINANCE

Doing Good: Last Sat, the captains from **Nat Geo's** "Wicked Tuna" served as celeb judges for the Patriot Place Chili Cook Off presented by Bass Pro Shops in Foxborough, MA. 400+ people who came out helped raise nearly double last year's total for the local YMCAs "Reach Out for Youth and Families campaign."

-- **Discovery Comm** hosted 40 MD high schoolers Tues for its 2nd "Say Yes to the Prom" event. Employees and **WICT** members donated more than 800 dresses. **[More details and photos at CableFAX.com]**.

People: **VH1's Jeff Olde** was named evp, program development for **E!** effective this summer. -- **AMC Nets** upped **Dom Atteritano** to svp, legal and business affairs for **WE tv**. **Brian Gottlock** was promoted to vp, legal and business affairs, for **IFC**. -- Congrats to **Univision's Monica Talan** who was promoted to evp, corp comm and public relations.

Business/Finance: **CSG** revised its financial guidance to reflect the execution of a multi-year customer care and billing contract with **Comcast** signed with the MSO this week. The financial terms associated with the contract have **CSG** lowering revenue for guidance for '13 to \$740m-\$760m from \$755m-\$775m. It now predicts operating cash flow in the \$110-\$120m range (vs \$118-128m) and non-gaap EPS of \$2.05-\$2.15 instead of \$2.23-\$2.33. **CSG** shares fell earlier in the day, but closed up 2.4%.

CableFAX Daily Stockwatch

Company	03/27 Close	1-Day Ch	Company	03/27 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	57.24	0.38	CONVERGYS:	17.07	0.02
DISH:	38.02	0.06	CSG SYSTEMS:	20.75	0.49
DISNEY:	56.47	(0.16)	ECHOSTAR:	38.72	0.07
GE:	23.10	(0.02)	GOOGLE:	802.66	(9.76)
NEWS CORP:	30.48	(0.11)	HARMONIC:	5.77	UNCH
MSOS					
CABLEVISION:	14.92	0.06	INTEL:	21.83	0.07
CHARTER:	104.29	1.30	JDSU:	13.55	0.01
COMCAST:	41.75	0.28	LEVEL 3:	20.08	(0.31)
COMCAST SPCL:	39.38	0.22	MICROSOFT:	28.37	0.21
GCI:	8.72	(0.1)	RENTRAK:	22.09	0.08
LIBERTY GLOBAL:	72.34	0.74	SEACHANGE:	11.90	(0.06)
LIBERTY INT:	21.47	(0.23)	SONY:	17.64	0.15
SHAW COMM:	24.62	0.08	SPRINT NEXTEL:	6.04	(0.01)
TIME WARNER CABLE:	96.01	(0.03)	TIVO:	12.09	(0.05)
VIRGIN MEDIA:	48.48	0.36	UNIVERSAL ELEC:	23.71	(0.61)
WASH POST:	449.16	0.16	VONAGE:	2.86	0.02
PROGRAMMING					
AMC NETWORKS:	62.76	0.07	YAHOO:	23.59	UNCH
CBS:	46.16	0.45	TELCOS		
CROWN:	2.01	UNCH	AT&T:	36.62	(0.12)
DISCOVERY:	78.59	(0.94)	VERIZON:	48.94	(0.54)
GRUPO TELEVISIA:	26.53	0.26	MARKET INDICES		
HSN:	54.99	(0.51)	DOW:	14526.16	(33.49)
INTERACTIVE CORP:	43.90	(0.42)	NASDAQ:	3256.52	4.04
LIONSGATE:	23.92	0.11	S&P 500:	1562.85	(0.92)
OUTDOOR:	8.90	0.02			
SCRIPPS INT:	63.97	(0.16)			
STARZ:	21.81	0.19			
TIME WARNER:	56.63	(0.28)			
VALUEVISION:	3.39	UNCH			
VIACOM:	62.39	(0.54)			
WWE:	8.73	0.07			
TECHNOLOGY					
ADVANTAGE:	2.34	(0.02)			
ALCATEL LUCENT:	1.30	(0.05)			
AMDOCS:	35.83	0.15			
AMPHENOL:	73.15	(0.04)			
AOL:	39.20	3.03			
APPLE:	452.08	(9.06)			
ARRIS GROUP:	17.10	(0.02)			
AVID TECH:	6.40	(0.28)			
BLNDER TONGUE:	1.30	(0.08)			
BROADCOM:	34.64	0.18			
CISCO:	20.83	(0.01)			
CLEARWIRE:	3.25	0.01			
CONCURRENT:	7.84	(0.14)			



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Think about that for a minute...

The Challenge

Commentary by Steve Effros

It's "changing of the guard" time here in Washington. Two of the really bright guys at the FCC are leaving, the Chairman, Julius Genachowski, and the most senior member of the Commission, Robert McDowell. They'll both be missed.

Genachowski steered the Commission through some very complicated rapids. He dealt with the stunning growth of the Internet and broadband by insisting on a very comprehensive study of where things might, could or should go. The result, the "National Broadband Plan" is an aspirational document. It's not a blueprint for a government take-over of broadband, but rather sets up the Commission as the cheering gallery for more and faster broadband growth.



Genachowski was the chief cheerleader. He's done a good job at it. But he's also done a reasonable job of staying out of the way of broadband actually developing. While pushing the administration view that there should be multiple "1 Gig" broadband cities throughout the country, he's also made it clear that it's not going to be the government building those systems, it's going to be the private marketplace. Indeed, the industry has spent over \$200 billion building the very solid system we now have and that makes us one of the real leaders in the world. He knows that, despite all the hand-wringing rhetoric. So when the political pressure came for even more "net neutrality" type rules, Genachowski has tried to maneuver onto a middle ground. Some don't like even that, and the courts will decide whether the Commission actually had the jurisdiction to adopt those rules, but the Chairman should get the credit for at least looking for that middle ground and recognizing that the infrastructure we now have would be here whether the FCC had gotten involved in any broadband regulation or not!

Robert McDowell, the senior Republican voice on the Commission, has been a true gem. He's always been easy to talk to, approachable, and willing to speak in English about what was going on. His issuance of common-sense legal analysis supporting his point of view has been truly refreshing. Rather than just take an ideological position, which happens way too often in Washington these days, McDowell would back up his positions with either a legal explanation of why he was taking the position he was, or he would supply the facts and figures to support his point of view. This, unfortunately, is a rarity these days, and almost everyone I know who has worked with him is truly sorry to see him go. He's a rare bird in this town, and one to be valued.

So what next? Well, clearly the timing of the announcement of McDowell's departure and the pairing of his leaving with the Chairman's will leave the vote totals intact. Having both a Republican and a Democratic seat open will probably speed the Congressional approval process of whomever is nominated. The real question is what they will do once seated.

I would hope the focus is not simply on more cheerleading or more discussion of regulation of broadband. The growth of the Internet and broadband in this country is doing just fine, thank you. The harder work is going to be dealing with spectrum reallocation. Genachowski and company made a good start with the planned auctions, but that's just a start. Negotiating inside the government to get the various agencies to agree to reallocate government held frequencies is going to be just as hard as getting the broadcasters to let go of some of theirs. That's going to be the challenge.

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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