

CableFAX Daily™

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What the Industry Reads First

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Ergen's Prediction: OTT Not Happening Anytime Soon

When it comes to OTT pay-TV services, DISH chmn *Charlie Ergen* noted during the company's Tues' earnings call that programmers aren't exactly storming the OTT gates. Case in point: **Intel Media**, which was originally slated to debut later this year but reportedly had trouble signing up programmers. It's now potentially looking to sell its streaming platform or partner with another company. Rumored buyers include **Verizon FiOS**. "My gut feeling is they have more of a platform than programming rights," Ergen said. "But it is possible that programmers are doing it without our knowledge." DISH has talked to "virtually every programmer about OTT," but most of them have been "hesitant to make such a dramatic change," he said. While OTT pay-TV services will happen, he said, "I don't know if that's a one-month guess, or a 10-year schedule." Financially, DISH had a good quarter: Net income totaled \$315mln vs a net loss of \$158mln from the year-ago quarter. It added 734k new pay-TV subs compared to 739K in the year-ago quarter. It closed the period with 14.05mln pay-TV sub vs 14.04mln last year. Pay-TV ARPU totaled \$81.05 compared to the year-ago period's \$76.99. Pay-TV churn decreased to 1.66% vs 1.80% last year. Meanwhile, it has been more than a month since DISH's contract with **Disney** expired, but Ergen said he remains optimistic that a long-term deal is possible. Echoing remarks from Disney CEO *Bob Iger* last week, Ergen said both companies are "trying to look at where the technology is going" and what the pay-TV business might look like in a few years. "Disney is looking at things that other programmers might not have thought about," he said. At the same time, DISH is prepared to go either way: "You don't marry everybody you date," he said, adding that "Disney is a very pretty girl." And unlike some have suggested, he said DISH's ad skipping service Hopper hasn't been the stumbling block. **ABC** and other broadcast nets have sued DISH over Hopper, citing violations of copyright and distribution agreements. "Can we get a relationship where we can experiment with the Hopper, improve the experience for the consumer in a way that makes Disney more money—that's really what we are trying to achieve." That sentiment extends to the potential to create an Aereo-like product: "It [Aereo] is a great product but we'd rather work with our current broadcaster and content providers to come up with a similar product," Ergen said. DISH is shutting down the 300 remaining **Blockbuster** video stores by Jan and is in the process of terminating the DVD-by-mail business. "Blockbuster was a poor strategy on our part," Ergen acknowledged, noting the unit didn't acquire video streaming opportunities like **Netflix** or **Redbox** did. On consolidation, a potential tie-up with **T-Mobile USA** is still possible. In fact, Ergen is keeping his options open: "I think acquiring a company, selling our company, merging, partnering—those are all part of the 'optionality' we have."

On the Hill: It's official: Senate Commerce chmn *John Rockefeller* (D-WV) on Tues introduced a rumored video bill that would bar cable, satellite and large media companies from engaging in "anti-competitive" practices against online video distributors. The proposal followed Sen *John McCain* (D-AZ)'s latest a-la-carte attempt in May that has gone nowhere so far. Dubbed The Consumer Choice in Online Video Act, the bill would put limits on the use of contractual provisions in video programming carriage contracts deemed harmful to the growth of online video competition. It also seeks ways

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WEEKNIGHTS

LIVENEWS

8^{PM ET} & 11^{PM ET}

FOLLOWED BY



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TONIGHT

9^{PM ET} & 12^{AM ET}

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for OTT distributors to negotiate carriage of broadcast TV content and drive more programming choices. The bill would also ban broadband traffic discrimination by limiting the ISPs' ability to degrade competitive online video services. A new truth-in-billing protections are also included to require service providers to offer consumers with "clear and understandable terms and conditions" for their Internet service. Under the bill, the **FCC** would monitor broadband billing to eliminate anti-competitive practices. **NCTA** indicated its concern with the bill: "In a world marked by such dynamism and robust competition, prudent policy dictates the removal of regulatory obstacles for all instead of creating marketplace disparities that would 'cherry pick' rights and obligations for some," the group said in a statement. Saying the bill "reflects the need to consider a new approach," **ACA** pres/CEO *Matt Polka* said his group shares Rockefeller's concerns about "the east with which certain existing players in the market can use their market power to harm consumers and impede competition." -- The bill also could help **Aereo** because it reportedly would clarify that any OTA services like Aereo found to be legal wouldn't be subject to retrans fees. "We remain concerned about proposals that may legitimize theft of copyrighted programming," **NAB** pres/CEO *Gordon Smith* said in a statement. "Copyright theft poses a very real threat to the revenue stream that supports local television and the U.S. network-affiliate TV relationship that is the envy of the world." Federal judges in Boston and NY have permitted Aereo to operate during legal challenges, and broadcasters have asked the Supreme Court to bar the service. Amicus briefs in the appeal were due Nov 12.

VA Cable Show: STELA reauthorization and tax reform are among the issues keeping *Kathy Zachem*, **Comcast** svp, regulatory and state legislative affairs, busy these days. She focused most of her keynote on being a woman in the workplace. "I've come to believe there is no right formula for female advancement in the workplace. There is not one set of characteristics that apply to all women," she said at a breakfast presented by the **WICT** VA chapter Tues. That means that not everyone woman needs to be a leader for the team. And all don't need identical schedules. "Don't limit [people's] potential by expecting them to do things the way you do," Zachem said. Can women have it all? "I don't know where I come out on that debate, but I think that story shows we can have more than we think." -- *Kathryn Falk*, vp of govt affairs for **Cox** VA, was elected as the new chair of the **VA Cable & Telecommunications Association**. -- **VCTA's** VA Cable Show closed Tues with a speech from **Futurist.com** founder and owner *Glen Hiemstra*, who challenged the industry to do more strategic thinking about what's ahead. "Are you in a world where small changes will allow you to keep your revenue stream or are revolutionary changes needed?" he asked, reminding the crowd that more than 50% of **Apple's** revenue now comes from something that didn't even exist 9 years ago (the iPhone and iPad). He suggested that the economy is in the process of shifting from a job-based world to a stint-based world—where workers take on projects for a short period of time and move on instead of a staying with a company for 20 years. "The future is not something that happens to us, it's something that we do," he said.

CTHRA Survey: **CTHRA's** Human Capital Metrics Survey this year generated mixed results, with programmers seeing YOY increases in both revenue per employee (30%) and net income per employee (16%), but MSOs seeing double digital declines in both categories, potentially due to rising programming costs. The survey used 3 metrics to gauge workforce productivity: revenue per employee, net income per employee and salary and bonus as a percentage of revenue. Seventeen programmers and ops participated, including **Comcast**, **Cox**, **Bright House**, **Charter**, **AETN**, **AMC Networks**, **Discovery Comm** and **NBCU**. Most companies reported an increase in YOY average compensation.

Carriage: **One America**, founded by **Wealth TV** -owner **Herring Bcstg** and launched on July 4th, scored carriage deals

3 hours ago in Brownsville, TX
Gays asking for equal rights? Rosetta Stone didn't sit on the bus for that.
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with IPTV distributor **FAVE TV** and VT's pay-TV provider **Duncan Cable**. The net is also getting on **CenturyLink Prism TV** at year-end with rollouts continuing through early next year.

Roku: Roku inked a deal with **Disney & ESPN Media Networks** to put WatchESPN, WATCH Disney Channel, WATCH Disney Junior and WATCH Disney XD on its streaming platform. It already carries **HBO Go** and **Time Warner Cable's TVE** app. Starting Tues, Roku authenticated users can access **ESPN, ESPN2, ESPN3, ESPN Deportes** and **ESPNEWS** through WatchESPN on their Roku devices. **ESPN Goal Line** and **ESPN Buzzer Beater** will also be accessible when those channels are in season. The Disney TVE app on Roku also features VOD content. Later this month, authenticated users can access WATCH Disney Channel, WATCH Disney Junior and WATCH Disney XD.

Encore: Starz repacked **Encore** and its family of thematic multiplex channels and service offerings. Starting Dec 2, **Encore Black** will replace **Encore Drama** to offer programming for the African-American community. In addition, **Encore Classic** will replace **Encore Love** to target Baby Boomers. **Encore Espanol** will be moved into lower-cost Spanish-language channel bundles. **Encore Suspense** will feature new horror programming block "The Graveyard Shift" nightly.

CableFAX Daily Stockwatch

Company	11/12 Close	1-Day Ch	Company	11/12 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
21ST CENTURY FOX:	33.17	(0.29)	ECHOSTAR:	49.60	2.41
DIRECTV:	64.02	(0.15)	GOOGLE:	1011.78	1.19
DISH:	50.35	2.85	HARMONIC:	7.34	UNCH
DISNEY:	67.77	(0.57)	INTEL:	24.43	0.26
GE:	27.05	0.04	JDSU:	12.45	UNCH
MSOS					
CABLEVISION:	15.04	(0.31)	LEVEL 3:	29.87	(0.27)
CHARTER:	128.46	1.42	MICROSOFT:	37.36	(0.23)
COMCAST:	46.98	(0.37)	MOTOROLA MOBILITY:	13.40	(0.26)
COMCAST SPCL:	45.90	(0.37)	NIELSEN:	40.00	0.34
GCI:	9.78	0.07	RENTRAK:	39.98	0.09
LIBERTY GLOBAL:	78.58	(0.9)	SEACHANGE:	13.58	0.19
LIBERTY INT:	27.60	(0.22)	SONY:	17.23	0.62
SHAW COMM:	23.46	0.07	SPRINT NEXTEL:	6.99	0.01
TIME WARNER CABLE:	118.38	(0.76)	TIVO:	13.21	(0.38)
WASH POST:	656.69	0.88	UNIVERSAL ELEC:	36.20	(1.06)
PROGRAMMING					
AMC NETWORKS:	66.47	0.26	VONAGE:	3.41	0.04
CBS:	58.73	(0.13)	YAHOO:	34.07	0.26
CROWN:	3.12	(0.07)	TELCOS		
DISCOVERY:	84.41	(0.18)	AT&T:	35.17	0.14
GRUPO TELEVISIA:	29.30	(0.16)	VERIZON:	50.16	0.20
HSN:	56.59	0.27	MARKET INDICES		
INTERACTIVE CORP:	57.97	1.04	DOW:	15750.67	(32.43)
LIONSGATE:	32.33	0.15	NASDAQ:	3919.92	0.13
MADISON SQUARE GARDEN:	55.83	(0.43)	S&P 500:	1767.69	(4.2)
SCRIPPS INT:	75.89	0.18			
STARZ:	27.84	(0.11)			
TIME WARNER:	66.79	(0.71)			
VALUEVISION:	5.23	(0.07)			
VIACOM:	82.15	(0.31)			
WWE:	13.05	(0.08)			
TECHNOLOGY					
ADVANTAGE:	2.64	(0.02)			
ALCATEL LUCENT:	4.03	0.01			
AMDOCS:	40.46	0.42			
AMPHENOL:	81.37	0.28			
AOL:	43.26	0.29			
APPLE:	520.01	0.96			
ARRIS GROUP:	17.23	0.02			
AVID TECH:	7.95	0.23			
BLNDER TONGUE:	0.97	(0.02)			
BROADCOM:	27.23	0.66			
CISCO:	23.73	0.28			
CONCURRENT:	7.47	0.11			
CONVERGYS:	19.91	(0.12)			
CSG SYSTEMS:	27.75	0.14			

CableFAX Webinar Capitalizing from the Changing Social TV Landscape

Tuesday, November 19 1:30-3:30pm ET • www.CableFAX.com/webinars

Thought you had a handle on social TV? Guess again. Consolidation and dealmaking is fast changing the landscape, with all roads increasingly leading to Twitter. Join CableFAX to discuss the ins and outs of these deals, how they could affect your business, and how this marketplace might evolve in the future.



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