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What the Industry Reads First

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Ergen Speaks: Turner Nets Might Not Return, OTT Launch on Track

A quick resolution to the carriage dispute between **DISH** and **Turner** seems unlikely, if **DISH** chmn *Charlie Ergen's* comments during the company's 3Q earnings call Tues are any indication. Turner nets such as **CNN**, **truTV** and **Boomerang** went dark on **DISH** last month. While subs still can access **TNT** and **TBS**, Ergen said those could go dark soon. "When we take something down, we're prepared to take it down forever... We would prefer to get a deal done. We have a time frame we look at, but if we don't have a deal, we might make a long-term decision to go a different direction." Firing shots at **CNN**, Ergen said "things like **CNN** are not quite the product that they used to be... Now there are plenty of other places for people to get news." And while losing **TNT** and **TBS** could be "more painful," the impact on **DISH** wouldn't be significant. Why? Some of Turner's programming, including the **NBA**, is available through other content providers. "When you start having a lot of your product being available through a lot of different sources, customers don't want to pay for it twice... Sometimes they're willing to watch it the next day or the next week in a more convenient structure, because young people are not watching stuff live now, except **ESPN**," Ergen said. The Turner dispute reflects a broader industry change. According to Ergen, "there are about 10 big programming groups—I don't anticipate that the cable companies, satellite companies and phone companies are going to carry the same 10 groups. It's not going to be a marketplace where everybody has the exact same thing, and it's just about price. Some [will lean] more towards family and kids, some more toward sports, some more towards entertainment." Take OTT. Dish's planned OTT service is set to debut by year-end, despite some technical problems that include ad insertion and encryption. "We're running into a few snags, but we still plan to meet our self-imposed year-end deadline," said Ergen. He confirmed that the service would be around \$30 a month. **DISH** has already inked deals with programmers like **Disney**, **A+E Nets**, and **Scripps** and is in talks to sign on more nets. Evidenced by **CBS** and **Time Warner's** OTT moves, programmers have become more interested in broadband-based programming services. And that's a good thing for **DISH**, Ergen said. "The regular linear MVPD business is a mature business. You can't just go back every day and say 'I'm going to raise my rates to make my budget.' You have to figure out other revenue streams and get other people to pay for your product and watch more minutes of your product." And despite a relatively low advertising margin, going OTT could "allow us to move into some categories that the **Face-**



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SEASON 2

"Vogue certainly had its share of suitors for the show. But Conde Nast selected Ovation because it felt the network would celebrate fashion as an art form."

—Ad Age



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books and the **Googles** are taking advantage of today,” Ergen said. During 3Q, DISH lost 12K video subs, ending the period with a little more than 14mln subs, almost unchanged from 3Q last year. It added 28K broadband subs, down from the 75K it added a year ago. It counted 553K broadband subs at the end of the quarter. Sub loss contributed to a significant decline in net income, which came in at \$146mln versus \$315mln a year ago.

Discovery 3Q: Discovery Comm’s 3Q revenue grew 14% YOY, thanks to growth in its international networks. Domestic nets saw revenue fall 3% YOY partly because of decreases in affiliate and licensing revenue. Commenting on recent OTT moves by **HBO** and **CBS**, CEO *David Zaslav* said during the earnings call Tues that “through all the innovation and press releases, we believe there remains one constant: It is a great time to be in the content business. Despite shifting behaviors and new digital offerings, more and more viewers are gravitating to high-quality content. And we still believe there are many years of sustainable organic growth from the continuing global rollout of pay television, as well as more new opportunities to display our content than ever before.” However, don’t expect a similar move by Discovery. At least not anytime soon. “I just don’t see it happening,” Zaslav said. And even if there are more OTT offerings, Discovery wouldn’t be impacted because it owns all of its content, the exec said. When it comes to the **Comcast-Time Warner Cable** deal, “we are having some concerns.” The company will continue to watch the merger and its impact, he said. Financially, the company’s 4Q results will include \$20mln charges due to the cancellations of shows including “Honey Boo Boo” and “Sons of Guns,” CFO *Andy Warren* said.

mun2 Rebranded: NBCU’s Hispanic-targeted cable net **mun2** will rebrand to become **NBC Universo** on Feb 1, 2015, the day it becomes the home of the Spanish-language telecast of Super Bowl XLIX in the US. As part of the rebrand, the net will launch a bold logo featuring NBC’s peacock. The rebranded net will expand its sports programming lineup to include more international-level sports, as well as offer blockbuster movies and hot music offerings aimed at a modern Latino audience. Specific entertainment programming details will be released early next year.

Comcast Talks Interconnection: A combined **Comcast-Time Warner Cable** wouldn’t affect the competitive merger interconnection market, Comcast’s legal team told **FCC** staff in a recent meeting. Refuting **Netflix**’s claim that ISPs should be blamed for recent congestion, Comcast’s ex parte filing stated that congestion stemmed from “the unilateral traffic routing decisions made by **Netflix** to gain business leverage, not by any actions undertaken by Comcast.” In addition, “there are many CDNs and other transit providers that offer competitive alternatives to route traffic to Comcast. These options are a viable way for any edge provider to reach Comcast’s network without connecting directly to it. Moreover, the prices that Comcast charges for direct connection are constrained by the highly competitive transit market.” FCC chmn *Tom Wheeler* said he will investigate peering arrangements, following public fights between Netflix and major ISPs like **Verizon** and Comcast earlier this year. “There is no question that the backbone market is robustly competitive across various modalities of interconnection” and the proposed merger won’t change the market reality, the Comcast filing said.

Buccieri Joins A+E: *Paul Buccieri*, most recently chmn of **ITV Studios US Group & ITV Studios Global Entertainment** for the UK media firm ITV, will become pres, **A+E** and **History**, reporting to **A+E Nets** pres/CEO *Nancy Dubuc*. The appointment becomes effective early next year. He will oversee all content creation, programming, brand development and marketing for the nets and their affiliated brands. Respective A+E and History gms *David McKillop* and *Dirk Hoogstra* will now report to Buccieri.

At our Deadline: After days of rumors that *Kevin Reilly* was in talks for a big job at **Turner**, the net on Tues announced that the former chmn, entertainment for **Fox Broadcasting Co** will indeed become pres of **TBS** and **TNT** and chief creative officer for **Turner Entertainment**. As chief creative officer, Reilly will chair the newly formed Turner Entertainment Programming Council, a coordinated effort engaging the senior programming execs at TNT, TBS, Adult Swim and truTV to explore and develop cross-platform opportunities; expand the division’s pipeline of leading content; and position and advantage Turner as the premier partner for creative providers of every genre. Reilly will be based in Los Angeles, reporting to Levy.

Chapter 11: **UniTek**, the system integrator that counts pay-TV providers including **Comcast**, **DirecTV** and **AT&T**, has filed for Chapter 11 bankruptcy protection. During the bankruptcy proceedings, the company said it expects no disruption to its customers, vendors or employees.

On the Circuit: **WICT** announced execs who will lead roundtable discussions during the 2014 Betsy Magness

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BUSINESS & FINANCE

Graduate Institute Nov 6-7 in Baltimore. Some of the execs include *Lori Conkling*, evp, strategy and business development; **NBCU**, *Denise Denson*, evp, content distribution & marketing, **Viacom**; *Kristin Dolan*, COO, **Cablevision**; *Marva Johnson*, corporate vp, government & industry affairs, **Bright House**; and *Kim Martin*, senior advisor, **AMC Nets**. This year, the program celebrates 20 years of preparing senior-level women to take on leadership responsibilities. -- The 2014 Executive Officers and Board of Directors for **WICT** Southern CA Chapter announced that actress, writer and comedian *Jodi Miller* will be the mistress of ceremonies for this year's LEA Awards: Honoring Excellence. Winners include execs like *Anne Droste*, head of distribution and marketing strategy, **Universal Sports Network**; *Katherine McDonald*, community investment manager at **Time Warner Cable**; and *Jill Stephenson*, strategic partner marketing at **Google Fiber**.

Programming: *History* will premiere its newest scripted miniseries "Sons of Liberty" on Jan 25, 26 and 27 at 9pm. The 3-night, 6-hour programming event features a group of young men as they band together to change the course of American history.

Editor's Note: Wanna learn how to market TVE? Join us for an engaging webinar on Nov 18. More info at www.cablefax.com

CableFAX Daily Stockwatch

Company	11/04 Close	1-Day Ch	Company	11/04 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	87.43	0.15	CONVERGYS:	20.25	0.24
DISH:	63.26	(0.55)	CSG SYSTEMS:	26.24	(0.31)
ENTRAVISION:	4.91	(0.23)	ECHOSTAR:	45.72	(1.4)
GRAY TELEVISION:	9.15	(0.15)	GOOGLE:	554.11	(1.11)
MEDIA GENERAL:	14.46	(0.38)	HARMONIC:	6.85	(0.02)
NEXSTAR:	43.86	(1.54)	INTEL:	34.54	0.23
SINCLAIR:	28.12	(0.86)	INTERACTIVE CORP:	67.76	(0.12)
MSOS					
CABLEVISION:	18.37	(0.37)	JDSU:	13.47	(0.11)
CHARTER:	158.44	(3.25)	LEVEL 3:	47.25	0.58
COMCAST:	54.63	(0.97)	MICROSOFT:	47.57	0.13
COMCAST SPCL:	54.50	(0.97)	NETFLIX:	382.78	(5.63)
GCI:	11.75	0.06	NIELSEN:	41.84	(0.35)
GRAHAM HOLDING:	784.53	(3.22)	RENTRAK:	74.27	(2.67)
LIBERTY GLOBAL:	44.73	(0.77)	SEACHANGE:	6.63	(0.19)
SHAW COMM:	25.70	0.04	SONY:	20.01	(0.15)
TIME WARNER CABLE:	144.87	(4.15)	SPRINT NEXTEL:	5.18	(1.02)
PROGRAMMING					
21ST CENTURY FOX:	33.33	(1.02)	TIVO:	12.87	(0.15)
AMC NETWORKS:	59.14	(2.18)	UNIVERSAL ELEC:	58.46	2.01
CBS:	51.99	(2.44)	VONAGE:	3.44	0.09
CROWN:	3.34	(0.08)	YAHOO:	47.08	0.74
DISCOVERY:	33.31	(2.36)	TELCOS		
DISNEY:	90.35	(1.36)	AT&T:	34.79	(0.05)
GRUPO TELEVISA:	35.02	(0.96)	CENTURYLINK:	41.63	(0.18)
HSN:	67.27	1.98	TDS:	26.00	0.41
LIONSGATE:	31.97	(0.92)	VERIZON:	50.33	(0.06)
MSG:	74.91	(0.35)	MARKET INDICES		
SCRIPPS INT:	74.90	(2.91)	DOW:	17383.84	17.60
STARZ:	31.76	0.13	NASDAQ:	4623.64	(15.27)
TIME WARNER:	74.97	(3.79)	S&P 500:	2012.10	(5.71)
VALUEVISION:	5.90	0.10			
VIACOM:	70.11	(3.08)			
WWE:	13.39	0.35			
TECHNOLOGY					
ADVANTAGE:	2.42	0.01			
AMDOCS:	47.17	(0.39)			
AMPHENOL:	49.98	(0.42)			
AOL:	43.59	0.13			
APPLE:	108.60	(0.8)			
ARRIS GROUP:	30.32	0.26			
AVID TECH:	10.05	(0.1)			
BLNDER TONGUE:	1.11	UNCH			
BROADCOM:	41.55	(0.25)			
CISCO:	24.88	0.30			
COMMSCOPE:	25.29	(0.08)			
CONCURRENT:	6.82	(0.16)			



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