

**Bloomberg
Comcast
wins \$7.5
million
patent case
against
Sprint**

**MSN
Google tests
waters for
potential
ultra-fast
wireless
service**

**Bloomberg
Time Warner,
Discovery
Said to Be
Interested in
TVN Stake**

**Wall Street
Journal
Sorting Out
TV's New
Metrics**

**Reuters
GM sides
with U.S.
wireless
carriers in
net neutrality
fight**

**Philadelphia
Inquirer
Pa. Senate
closes
session with
flurry of
activity**

**pennlive.com
Corbett vs.
Wolf: What
regional
differences
say about
the race for
governor**

The \$6-a-month ESPN charges cable companies for the best of pro sports like football and basketball is starting to look like a bargain.

Walt Disney Co.'s sports network is the most expensive piece of the typical cable-TV package that costs about \$64 a month, based on U.S. Federal Communications Commission and SNL Kagan data. Analysts say its cost is a primary motivation for customers who cancel TV service. Viewers are getting more reasons to consider ending cable subscriptions this week after HBO, the premium cable channel owned by Time Warner Inc., and CBS said they would offer programming over the Internet to people without pay-TV accounts. Yet if saving money is the goal, cutting the cord isn't for everyone, especially sports fans.

Ironton Telephone
Serving the Lehigh Valley Since 1909

Top 10 Reasons Why Ironton Telephone Should be your Telecom Partner:

1. Over 105 Years in Business
2. Over 15 Years Porting Experience
3. Partnered with Several PA MSO's
4. Certified in PA, many other States and Canada.
5. Supports All Current & Future Technologies (NCS & SIP)
6. Interconnect Connections, 911 and Trunking in Place
7. Number Resources for All Areas Available
8. Local, Long Distance & 800 Services
9. Business Grade Cloud Based Phone Systems
10. Level 1 and Level 2 Support for MSO's

Call Today For More Information
610-799-0232
Or email us
cbrady@ironton.com
www.ironton.com

live programming available in 14 markets. It won't include NFL games, including the Thursday-night contests that cost the New York-based network more than \$30 million a game to license, according to Kannan Venkateshwar, a Barclays Plc analyst in New York. "You could patch together online programming yourself, but it will take a lot of work, create a lot of different bills to pay and a confusion of separate devices and separate apps

An online package that would include Netflix, Amazon, Hulu, plus three of the four major pro sports leagues, WWE wrestling, HBO, CBS and Tour de France racing would cost \$102.54, according to Daniel Ernst, an analyst with Hudson Square Research. And that doesn't include the \$40 cost of broadband Internet service.

"If you want all the sports, you should just get cable TV," Ernst said in an interview. The streaming services available already are cheaper than any cable package: Netflix Inc., Hulu Plus and Amazon.com Inc. subscriptions combined cost less than \$30 a month. Beyond that, viewers will have to be choosy. HBO hasn't said how much it will charge for its array of movies and original shows such as include "Game of Thrones" and "Silicon Valley." Ernst estimates \$16 a month.

CBS is charging \$5.99 a month for Web access to network programs and a library of older shows, with

Pittsburgh Post-Gazette Editorial: Seamus' shame – McCaffery must do the right thing and resign

to watch shows,” said Jan Dawson, an analyst with Jackdaw Research in Provo, Utah. “Eventually we’ll need someone to come along and bundle it all up again for us and make it easy to find our favorite content.”

Of course, putting the shows on the Web opens the door for some people to bend the rules, sharing passwords to watch for free. Most customers will still need to subscribe to services offered by the various leagues to get something that approaches a complete sports package. The price will add up. The NFL’s Sunday Ticket package, which provides out-of-market games, costs fans \$199 a year to start. NBA League Pass costs another \$200. Even with that, sports fans would be missing most of the live contests in their home markets. “If you’re really a sports nut, you’re probably not going to subscribe to this package,” said Justin Nielson, senior research analyst at SNL Kagan. -- **Bloomberg**

With HBO and CBS planning stand-alone streaming services, the oft-maligned pay-TV bundle has begun to loosen. But it’s not clear the brave new streaming world that replaces it will actually be cheaper for consumers. By offering their networks directly to consumers via the Internet, HBO and CBS are cutting out the middleman—cable and satellite companies—and potentially undermining the backbone of the television business.

On the surface, this is seen as a win for people frustrated with rising monthly television bills and paying for lots of channels they don’t watch. Other networks are following the lead of Time Warner’s HBO and CBS, including Univision Communications Inc. and possibly Showtime, which is a unit of CBS Corp. Walt Disney Co.’s ESPN is also developing online-only platforms that would be offered separate from traditional channels. “It seems to me that a la carte, which seemed like a distant reality a few months ago, has become a much more viable option,” said Tuna Amobi, an analyst at S&P Capital IQ. “This is a watershed moment for the industry.”

But cord-cutters should be careful what they wish for. A future where television viewers subscribe to each channel individually could be cheaper for young people who only watch two or three channels, industry executives said. But analysts say that for households filled with people of differing tastes or fans of many channels, this future could make the average cable TV bill—which hovers at around \$90—seem like a bargain.

CBS has set a price of \$5.99 a month for its service, which launched Thursday. Initially, it will be available only in the 14 big cities where it owns TV stations, but the network aims to make it national in the coming months. Not all CBS content will be available. The biggest missing element is the National Football League, which CBS carries on Thursday and Sunday. CBS Chief Executive Leslie Moonves said he hopes that will be part of the offering. HBO, which announced plans for its stand-alone service on Wednesday, has offered few details, except that it will debut sometime next year. HBO costs an average of \$15 a month and the price for the stand-alone service isn’t expected to be cheaper and could be more costly.

Univision, the dominant Spanish-language broadcaster, is working on making its UVideos website and app available to non-cable subscribers, according to Tonia O’Connor, president of content distribution at Univision. UVideos streams live and on-demand content from Univision’s broadcast and cable networks today, but most content is limited to pay-TV customers. Univision is working on offering solutions that bypass the pay-TV bundle in part because 76% of its flagship network’s viewers between the ages of 18 and 49 watch that channel alone—no others, Ms. O’Connor said. She added that the industry’s streaming effort so far—known as TV Everywhere—is “not reaching all of our viewers.”

Driving the change is the growing popularity of online streaming services from Netflix Inc., Hulu and Amazon.com Inc.’s Prime Instant Video. In response, many networks have started making their own content available online or selling it to such services, but usually after it debuts on their linear service. Now, though, as the number of people either

abstaining from pay-TV or opting for smaller packages with fewer channels grows, traditional networks are starting to hedge their bets. “There is no question that streaming, in terms of consumer options, is becoming a reality,” said Mr. Amobi.

Technology may be doing what consumer advocates and many lawmakers have long argued for—making programming available on an a la carte basis, which they believe will result in smaller bills. Some analysts however, paint a grim portrait of an unbundled world. Laura Martin, an analyst at Needham & Co., estimates that unbundling would drain half of the revenue, or \$70 billion, out of the television industry. Moreover, today’s hundreds of channels would shrink down to about 20, she wrote. That is because advertising would decrease substantially on channels with reduced audience reach, forcing consumers to pay the entire cost of running the channels, instead of splitting that cost with advertisers, as is done in basic cable.

Sports networks could be most at risk in an unbundled world. About half of the subscriber fees paid each month by consumers go to channels with sports, even though these channels account for less than a quarter of viewership, according to Nielsen data analyzed by Needham. If ESPN were taken out of the bundle, for example, it might need to cost as much as \$30—instead of the roughly \$6 per subscriber it currently charges as part of the bundle, according to SNL Kagan—to recoup its losses from reduced distribution and continue to afford its content. “We believe that only 20 million ‘super fan’ homes would pay \$30/month for ESPN’s group of channels”—not enough for ESPN to have a meaningful advertising business, Ms. Martin wrote.

Programmers, meanwhile, are protective of the bundle because it allows for the pairing of weaker channels with strong ones. Content companies often offer discounts to distributors for taking weaker channels along with strong ones. “All these things are so much more expensive when you separate them out,” said David Bank, an analyst at RBC Capital Markets. “You are going to have to pay more for less choice.” But some distributors are trying to do just that. Cablevision Systems Corp. is suing Viacom Inc. over bundling in a case that will be closely watched by the industry.

Some cable operators, reading the tea leaves, are shifting their emphasis away from providing video to broadband in the hopes of still being the gateway to the consumer, albeit through a different pipe. “Cable has known for a long time that video is going to become increasingly on-demand and online,” said John Bergmayer, a senior staff attorney at Public Knowledge, a media watchdog. “Cable’s goal is to manage the transition and come out the other side still in control.” But other distributors fear all these changes could be bad for their bottom line. DirecTV warned in a statement that if the ecosystem isn’t kept “in balance” programmers and providers could “risk losing” significant revenue streams “that could drive our collective businesses backwards.” – ***Wall Street Journal***, CBS’ streaming service began yesterday in Philly – [***see Philadelphia Inquirer***](#)



127 State Street, Harrisburg, PA 17101
717.214.2000 • bcaps.com

**First in Broadband.
The Future of Broadband.®**