The changes sweeping through the media business have not left C-SPAN untouched.

The service, probably best known for its coverage of Capitol Hill, has **begun requiring viewers** of some of its heretofore freely available online content to log into C-SPAN.org using the credentials given to them by their cable or satellite provider. "Once this policy is in place," the network says, "the live feeds of our three television channels," as in, C-SPAN, C-SPAN2, and C-SPAN3, "will be reserved for cable or satellite TV customers."

Why the switch? "Somebody has to pay the freight for this," says Peter Kiley, C-SPAN's vice president of affiliate relations. Indeed, C-SPAN seems to be confronting something its colleagues in the newspaper, magazine, and television businesses are also facing: its online popularity is, at least in the short term, imperiling what has been its core business model.

The move reveals two things that have long been true, but hidden. The first is that C-SPAN is a service of the cable and satellite industry -- its name, in fact, is an acronym drawn from "Cable-Satellite Public Affairs Network -- while the service draws on the work of government institutions for much of its fodder, and it's cable industry funds, not taxpayer dollars, that pay for the company's $60 million annual operating budget. The second is that C-SPAN blends straightforward coverage of government events with original programming that it produces.

Understanding the nuances of the new "hybrid" model, as Kiley calls it, takes a bit of attention to detail. Live streams of congressional hearings and floor activity will still be available *a la carte* without a cable log-in, but the streaming quality will be somewhat lower than what is available to registered cable customers. Meanwhile,

shows like "Washington Journal," "The Communicators," and Sunday night's "Q&A," hosted by founder Brian Lamb, will only be available live to those logging in through through accounts with Time Warner Cable, Optimum, Xfinity, or another cable provider. Still, all of C-SPAN's content will be freely accessible after the fact in C-SPAN's online video library.

The goal is to make the C-SPAN experience slightly better and more expansive for cable customers, to help continuing justifying that industry's expense on the service. Kiley says that the network looked at data showing we're quickly trending to a time when most TVs will capable of natively streaming online content. That seemed like a warning sign. "We get paid for putting pictures and audio on televisions," Kiley puts it simply. "If there's such an end run around through a device like an Apple TV or a Chromecast or just a smart television -- well, our business model didn't look very sustainable."

C-SPAN's always-on live stream is, Kiley points out, a bit of an anomaly in the TV business. "That was a nice thing to do while the Internet was getting going," he says, stressing that the network cherishes its role as a public service. "But as technology has developed, we had to consider whether it was the right plan for us. We're like everybody else in this industry: we looked at what happened with the Olympics, March Madness, the World Cup," that is, with so many people eager to consume those experiences online. "It's self-preservation, and it's looking towards the future."

While much of the online reaction to the change has been strongly negative, Carl Malamud, the long-time public advocate who has pushed to increase the public's access to C-SPAN content, says that has long as all of the network's "government stuff" remains available to stream live and watch through its archives, he's fine with the new plan. As he sees it, that content is "a gift to the Internet, and to me, we should just say 'thank you.'"

But what about those without cable, including so-called cord cutters, or those of us who have stopped watching television through traditional cable or satellite services altogether, and thus just don't have a log-in to punch into C-SPAN.org to watch a high-quality stream of a White House press conference in the Rose Garden or "Book TV" in real time? Kiley hesitates a bit. Then he says, "We're very proud of the service that we're able to provide. And we take pride in the fact that we do it as an independent journalistic organization, and we take pride in our distributors." In other words, expecting the cable industry to worry about non-cable customers getting the content it pays for might be asking too much. – ***Washington Post***

Cable magnate John Malone and his protégé Mike Fries helped light the fire in Europe's telecom consolidation. Now they are on the prowl for media. Liberty Global PLC—of which Mr. Malone is chairman and holds a roughly 27% voting stake and Mr. Fries is the longtime chief executive—has spent tens of billions of dollars in recent years buying cable operators including Virgin Media Inc. of the U.K. and, if regulators agree, the Netherlands' Ziggo NV. Its assets are mostly in Europe.

Amid a global race to keep up with Google Inc. and other technology companies, Liberty Global needs media assets to complement its cable empire and keep subscribers paying their monthly bills. Earlier this month, it bought a 6.4% stake in ITV Group PLC, Britain's No. 1 commercial broadcaster, which airs the popular drama series "Downton Abbey," for more than $800 million. (Liberty Global, whose legal headquarters are in London, is separate from Mr. Malone's Liberty Media Corp., a media and communications holding company where he is also chairman.)

On the sidelines of a board meeting in Brussels, Messrs. Malone and Fries discussed industry consolidation, their acquisition plans and competition with U.S. tech giants. Edited excerpts:

WSJ: What's behind the current wave of consolidation in telecommunications and media?
Mr. Malone: It's the "eat or be eaten" drive of capitalism. Scale economics are compelling in the media space where you have high fixed and very low marginal costs. The consumer's appetite for convenience and a full menu of services is compelling, along with the synergies.
Mr. Fries: Consolidation is king. Scale has always been critical for the industry, and I think it is more critical today than it has ever been. The pace will accelerate and it makes good sense. Consolidation supports our thesis that in a globalizing digital world you need to have great scale to compete with Google [or] Netflix.

WSJ: Liberty has played a big role buying up cable operators. Is there more in store?
Mr. Fries: That story line is not coming to an end, but it is slowing down. The acquisition opportunities in terms of cable television assets are fewer, and our market expectations in terms of how many more markets we want to expand into is a smaller universe. Portugal is too small. Italy doesn't have any cable. And we wouldn't get into the satellite business.
There are a couple of markets in Central and Eastern Europe that still require some consolidation. Poland would be one of them. It is a pretty competitive market with lots of fragmented [cable] operators.
Opportunities around content and other media assets [also] look to us to be interesting. Those opportunities look to be becoming more plentiful, not less, over the next 18 to 24 months.

WSJ: Why more media-deal opportunities?
Mr. Malone: [Mike] has done the major obvious acquisitions that have been available. And now they're looking for ways to make those businesses that they are in better. Either considering certain vertical investments that would enhance their service offerings, their competitive posture, or moving forward on a whole series of technological innovation.
In some cases it is defensive; in some cases it is offensive. In the [case of ITV] it looked like a good investment and would enhance our relationship with ITV and its management. They have a very large production studio whose output could be very interesting with respect to program needs in other jurisdictions.

WSJ: Would you be interested in increasing your ITV stake beyond 6.4%?
Mr. Fries: Are we committing today that we'll never, ever own more shares? Of course not. [But] we don't have any intention to do anything. There is no smoking gun there.

WSJ: What's the status of Liberty's efforts to buy a majority of motor racing series Formula One jointly with Discovery Communications Inc.?
Mr. Malone: We have been engaging in discussions for what seems like an endless period of time. We continue to be interested, but when we have something to announce we'll announce it. You have got to kiss a lot of frogs before you find a prince. At this stage we are still kissing the frogs.

WSJ: Why invest in Formula One?
Mr. Malone: Sports has been elevated as an area of interest in content because of its real-time nature. The industry has a long tradition of paying up for sports and that becomes even more important as other elements of entertainment programming commoditize.

WSJ: You offer mobile service to your customers through other operators. Why not buy your own mobile operator?
Mr. Fries: We are not buying mobile companies that are, in some instances, falling knives—struggling in this competitive environment.
It makes a lot more sense if you are mobile operator to buy a cable operation. That I

get. You need all the things a cable operation provides, which is why Vodafone bought in Germany, why Vodafone bought in Spain.

WSJ: So would there be a logic to Vodafone buying Liberty Global?
Mr. Fries: There have been no conversations. Our core organic business—I have never felt better about it in 20 years in the industry. We don't need to make acquisitions. We certainly don't need to be acquired to make shareholders happy in this company.
Mr. Malone: As a practical matter, this company is not for sale because it represents a very unusually high long-term return on invested equity capital. It's an approach towards wealth building that I totally believe in.

WSJ: Long-term, how can Liberty compete with U.S. tech giants like Google or Facebook as they become bigger distributors of content?
Mr. Fries: I don't see them as competitors, quite frankly. They are changing the landscape but they are also furthering our own business strategies. They are not in the connectivity business. They are apps. But we are certainly thinking about the business differently today because of the evolution of these apps.

WSJ: How about Netflix, which is preparing a September launch in several additional European countries? Are they a competitor or partner?
Mr. Fries: Both. We distribute them in the U.K. We compete with them in Germany and the Netherlands. We see them as enabler of our broadband business, and that is a good thing. But also they are competing for content rights and competing for share of the video wallet.
Mr. Malone: "Frenemies" is the term of art. Almost all the communication companies compete with each other and supply each other and drive each other. It is sort of the nature of the beast. – ***Wall Street Journal***