# Pay-TV industry divided on Web strategy

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Want to watch an episode of TNT's "The Closer" online? You have to fill out a form on TNT's website, proving you have a cable or satellite television subscription. And your cable or satellite provider also needs to have a deal with TNT to carry its content online.

But if you want to check out A&E's new drama "Longmire," just visit the cable channel's website and your mouse gets you in. No forms or proof of a pay-TV subscription are necessary.

The differing approaches by Time Warner's TNT and A&E, which is majority owned by Walt Disney Co. and Hearst Corp., illustrate a divide in the media industry over how best to put content on the Web while also keeping customers hooked to their TVs.

In 2009, cable giant Comcast Corp. and Time Warner Inc. - parent of TNT, TBS, HBO and other popular channels - unveiled TV Everywhere, an initiative that was to be a blueprint for the pay-TV industry to develop a platform to let subscribers watch content on their computers, phones or tablets. The proposition was simple enough: Take all that is good about television - lots of channels at the click of a button - and transfer it online.

The hope was that by offering subscribers more content online, people would be less likely to cut the cord to their cable or satellite TV service in favor of so-called over the top services such as Netflix, Hulu and Roku. TV Everywhere was also meant to discourage programmers from giving away their shows for free online.

But in the three years since it was conceived, TV Everywhere has struggled to gain traction.

"It's simply a mess," BTIG media analyst Rich Greenfield said. "A complete and utter failure."

Andy Heller, vice chairman and TV Everywhere point person for Time Warner's Turner Broadcasting, believes "the real stumbling block has been deals." Some programmers and distributors, Heller said, are using TV Everywhere contract talks as an excuse to try to "change terms and conditions" of other contracts.

Another problem is that neither the programmers nor the pay-TV providers can decide who should be the gatekeeper for content online. Some consumers have to register at multiple networks to watch content, while others can do one-stop shopping through their distributor.

"We're trying to figure out, can you have a single access point?" said Mike Hopkins, president of distribution for Fox Networks. "It's technically complicated but not impossible."

The consumer experience "has to improve," said Denise Denson, executive vice president of content distribution for Viacom. "It is going to have to be more seamless and almost invisible to the consumer."

Until recently, Viacom put a lot of its shows online without requiring proof of a cable subscription. It temporarily suspended the practice last week when DirecTV cited it as one reason it had not signed a new deal to carry the cable programmer's channels.

For these reasons many programmers don't yet see a need to embrace TV Everywhere.

"There is no reason for us to be pushed or rushed into putting something out there subpar," said Rebecca Glashow, senior vice president of digital distribution for Discovery Communications Inc., the parent company of cable channels Discovery, TLC and Oprah Winfrey's OWN.

Distributors also have differing attitudes toward TV Everywhere. Comcast has signed deals with several programmers and its Xfinity service is a gateway to online programming. But Time Warner Cable, which is a separate company from Time Warner Inc., has hardly any deals with programmers and does not promote TV Everywhere to its customers.

"There is not a consistency of experiences by distributors," acknowledged Matt Strauss, Comcast's senior vice president of digital and emerging platforms.

As if the internal debates about how TV Everywhere should proceed weren't enough, red flags are being raised by some media watchdogs.

A Justice Department investigation of the pay-TV business is said to be focusing on whether TV Everywhere is anti-competitive and an attempt to stifle the emergence of new platforms that could rival the legacy companies.

"The big cable, satellite and phone companies, which benefit from the status quo, are trying to put down this revolution in online video," Marvin Ammori, a legal fellow at the New America Foundation Open Technology Institute, wrote in a paper submitted to the Justice Department called "TV Competition Nowhere: How the Cable Industry Is Colluding to Kill Online TV."

The industry disagrees that there is anything anti-competitive about TV Everywhere.

"The concept of TV Everywhere is to provide more choice and flexibility for people who pay the bills. ... This is a reward for the consumer," Turner's Heller said.

Some networks appear to have gotten it right. HBO's online service HBO Go has been a hit. Since it was launched in 2010, some 5 million subscribers have signed up for the service, which the premium cable channel has been aggressive about promoting.

"We're following consumer behavior," HBO co-President Eric Kessler said. "This is about setting us up for the future and the next generation of HBO subscribers that is learning to watch on other devices."

Other cable networks and operators have failed to match HBO Go's success, in part because they have not spent any money marketing their services.

That would explain why many consumers appear to be almost entirely unaware that TV Everywhere exists.

Although the pay-TV industry does not disclose numbers on how many of its 100 million subscribers have signed on to a TV Everywhere-type service, a survey by marketing firm Parks Associates revealed that less than 20 percent even know about it.

"If this is designed to be cable's tool to fight over-the-top services, the lack of awareness really negates its effectiveness in defending their subscriber base," said Brett Sappington, a research director at Parks Associates.

And some of those that are aware of it have a blase attitude about signing up.

"Every time I look into it, it looks like it will be a bit of a headache," said Joe Mulder of Los Angeles, a DirecTV subscriber who still opts for Hulu or Netflix when looking for content online.