

CableFAX Daily™

Tuesday — January 9, 2007

What the Industry Reads First

Volume 18 / No. 6

Power Panel: Video Bigwigs Talk HD, Portability at CES

You don't often get these guys together in a room, much less a panel at the massive **Consumer Electronics Show** in Las Vegas. But moderator and **CEA** pres/CEO *Gary Shapiro* somehow convinced top cable, satellite and telco honchos to ponder the future together on stage Mon at the annual gadget confab. Surprisingly, the oil-and-water mixture of Cox pres *Pat Esser* and **Time Warner Cable** CEO *Glenn Britt* with **EchoStar** chmn/CEO *Charlie Ergen* and **DirectTV** CEO *Chase Carey* yielded few fireworks—although there were plenty of smirks to go around as each side touted their own advantages. Ah, those little moments. Like when Esser politely tussled with **Verizon Telecom** pres *Virginia Ruesterholz* over the cost of Verizon's FiOS rollout: She said it's about \$1,500 per home; Esser said it's more like \$4,000 if Verizon hits its subscriber targets. They went on to both predict that they would capture 60% broadband penetration in their markets within 5 years. Ergen joked that in 5 years "we're not going to have any customers," which he said would at least meet market expectations. Ergen also took a jab of sorts at his own subs, who he said aren't generally interested in sophisticated product offerings. "I'm from the South," he said. "We're just not the brightest people... I say with all seriousness that there are different types of people who do different things." Britt said HD is "terrific" but still lacks a good business model. Panelists said content portability may present more interesting opportunities to drive revenue. "Customers are starting to see the power of the different devices they have" and want content flexibility, Ruesterholz said. But while Britt agreed that "the future is about offering services that cut across these different platforms," he said no one really knows what models will prevail. Esser cautioned against trying to do too much too soon. "[Customers] don't want any hassle factor," he said. "They want it to work." If devices don't work properly together, he said customers won't vent their complaints to CE makers. "They're going to call my call center because they have a problem," he said. -- For more CES coverage, visit www.cable360.net.

Still Dark: Mediacom Turns to FCC Again, Buys More Rabbit Ears

Mediacom was forced to pull 22 **Sinclair** stations from about 700K subs in 12 states at 12:01 Sat. Thousands of cable subs in Des Moines and Cedar Rapids showed up at the MSO's offices for free antenna kits. In fact, so many people turned out, Mediacom ran out of kits, reported the *Des Moines Register*. "Plenty more [kits] will be showing up in the next 2 days," said Mediacom evp, ops *John Pascarelli*. Mediacom was also set to host several football parties Mon night, for subs who wanted to watch college bowl action on **Fox**. Execs would not say how many subs have defected, but described the numbers as not material. On Mon, the MSO filed an appeal at the **FCC** in the hope of federal intervention. Mediacom believes the FCC's Media Bureau ruling was flawed, arguing that the complaint should've been considered by the full commission and that it erred by basing the reasonableness of Sinclair's demands on the prices MCCC pays for cable nets. Mediacom chmn/CEO *Rocco Commisso* said during a conference call Mon that Sinclair still had not re-

TM & © 2007 Court TV. A Time Warner Company. All Rights Reserved.

50% LIFEGUARD. 50% COP. 100% ACTION.

BEACH PATROL™

SAN DIEGO



MONDAYS
AT 8PM ET/PT

Court TV® makes reaching the desirable A18-49 demo a day at the beach!

Heat up your sales packages with *Beach Patrol!*

Source: Nielsen, M-Su 8-11pm, A18-49 delivery, 4th quarter '06, 4th quarter '05.

courttv

Seriously Entertaining™

TurnerResources.com

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● fax:301/738-8453 ● Editor-in-Chief: Amy Maclean, 301/354-1760, amaclean@accessintel.com ● Exec Editor, Michael Grebb, 301/354-1790, mgrebb@accessintel.com ● Assoc Editor, Chad Heiges, 301/354-1828, cheiges@accessintel.com ● Asst VP, Ed Director, Seth Arenstein, 301/354-1782, sarenstein@accessintel.com ● Publisher: Dave Dekker, 301/354-1750, ddeker@accessintel.com ● Marketer: Doreen Price, 301/354-1793, dprice@accessintel.com ● Marketing Director: Carol Bray, 301/354-1763, cbray@accessintel.com ● Prod: Joann Fato, cdaily@accessintel.com ● Scott Gentry/VP and Group Publisher ● Online Publisher, Alison Johns, 212/621.4642 ● Paul Maxwell/Columnist. Subs/Client Services: 301/354-2101, fax 301/309-3847 ● Group Subs : Angela Gardner, 757/531-1369, cfaxgroupsub@accessintel.com

sponded to its offer to enter into binding arbitration, a suggestion of the FCC's Media Bureau. Meanwhile, **Pali** reiterated its sell on Mediacom stock in a research note titled "Between a Rocco and a Hard Place." Pali said it believes that the cost of Sinclair programming is escalating as the MSO continues to reject Sinclair's demands. Pali also speculates that there may be existing MFNs with other broadcasters that would be negatively impacted if the MSO agrees to Sinclair's terms. On the other hand, **Citigroup** suggested investors buy Mediacom on its current weakness. "First, even if Mediacom agrees to pay \$0.50 per sub per month, the impact to Mediacom's share price is only \$0.28, far less than the recent weakness in Mediacom's shares," he said in a research note. "Second, we believe Mediacom and Sinclair will reach an agreement soon, removing uncertainty, prompting a rise in Mediacom's equity value."

Telco TV: "Entertainment communications companies" is how *Jeff Weber*, vp of **IPTV** product strategy for **AT&T**, characterized his company at **CES'** Telco TV panel Mon. Weber said AT&T's **U-Verse** IPTV service is making its competitors' service better. In San Antonio, U-Verse's flagship market, incumbent cable company **Time Warner Cable** already has increased the number of HD channels it carries to match the U-Verse offering, he noted. "For those regulators looking at the effect of competition, it works," he said. Weber also said AT&T has no plans to carry exclusive content. "I don't think exclusive content is the way to differentiate. The advantage is in the amount of content we can carry and the way we integrate it [across platforms]." -- **Verizon's FiOS TV** will begin rolling out "community channels" this year, beginning in the DC area. The channels will air content from local broadcast partners but also will have a homegrown element, said *Shawn Strickland*, FiOS vp. Verizon is planning to loan out HD cameras to local residents so they can document community events and sports to air on FiOS, Strickland said during the panel. "This is a way we can differentiate ourselves from cable operators and develop a bond on the local level," Strickland said. Asked whether AT&T plans a similar initiative, Weber quipped, "I think we'll see how many of those cameras Verizon gets back before we launch our initiative."

Verizon @ CES: Verizon launched VCast Mobile TV using **Qualcomm's** MediaFlo service to let customers watch live TV on mobile phones. Most major markets are expected to have the service by the end of 1Q. Content partners include **MTV, Comedy Central, Nick, NBC, CBS** and **Fox**. VCast previously only provided on demand clips. Verizon also unveiled a new interactive media guide for **FiOS TV** that lets customers find, control and manage a vast array of digital content including television programming, movies, Internet video, games, music and photos. The service plans to add video and music service from the Net later in the year, including content from user-generated site **Revver.com**. The new guide will let a customer, for example, watch a movie about an action hero, play a video game about the same character and buy retail items associated with the character, all on the same home system. FiOS NJ customers will be the 1st to get the new applications, with plans to roll out to all customers in the 10 states where the service is currently offered by mid-year.

On the Hill: The Sen *Daniel Inouye* (D-HI)-led Commerce Committee will hold a hearing on **FCC** oversight, Feb 1, 10am. The hearing is among the committee's first 3 scheduled under the new regime. -- Sen *John Sununu* (R-NH) says he is drafting legislation to ban the **FCC** from imposing technology mandates, standards, products, etc on the communications industry. The bill would be based on a Sununu amendment approved during the Sen Commerce Committee's telecom markup last year. "These misguided requirements distort the marketplace by forcing industry to adopt agency-blessed solutions rather than allow innovative and competitive approaches to develop," the Sen

WANT SOME PERSPECTIVE?

CABLE  NET

said in a statement. A spokesman said specific situations—such as the FCC’s set-top integration ban—will be considered as the process of drafting the legislation moves forward.

In the Courts: The **US Supreme Court** declined to hear **EchoStar’s** appeal to resume offering distant network signals.

Dishheads CES News: **DirecTV** will launch more than 100 HD channels this year, CEO *Chase Carey* announced at the **CES**, and already has HD deals with **YES, NFL Net, CNN, USA, Weather Channel, TBS** and **Food**. All the premium movies nets have signed on, as well. DirecTV also unveiled a portable satellite and TV system scheduled to launch this spring. DirecTV Sat-Go will come in a briefcase that includes a 17-inch LCD monitor with integrated DIRECTV receiver, flat antenna and replaceable/rechargeable laptop-style battery. The system can also be used as an in-home receiver and TV, and current DIRECTV customers can receive programming to their receivers for an additional \$4.99/month. -- **EchoStar** introduced its \$50/month “DishDVR Advantage Package,” which offers a dual-tuner SD receiver, 200 channels and an 18-month home protection plan. DISH also announced spring availability for the “MobileDISH” in-car satellite service, a programming package allowing DISH subs to watch live TV from their vehicles.

DTV Doings: **NAB** has put together a DTV transition team to spearhead a national campaign to increase the public’s awareness of the switch to digital. The assoc hired former **Natl Republican Congressional Cmte** sec *Jonathan Collegio* to serve as vp, DTV transition.

CES Notebook: **Fox Sports, Nickelodeon, Showtime** and **Starz’ Vongo** will deliver on-demand and specialized content to the **Microsoft** Media Center. Media Center previously had its own operating system but is now part of the long-awaited Vista system, available Jan 30. Microsoft chairman *Bill Gates* wowed the **CES** crowd with a demo of Fox’s SportsLounge, which includes live video, customized real-time alerts and the ability to track fantasy football teams. Content will be free except Vongo, which carries a subscription fee. -- **Cox** and **Samsung** are partnering on an OCAP-based interactive digital cable-ready TV with HD following a test of the product in Gainesville, FL, last month. -- **Digeo** announced its standalone HD DVR to be sold at retail and not exclusively to cable. -- **Comcast** and **TiVo** are demo-ing their long-awaited TiVo software for Comcast’s DVR. A trial of the service began late last year. The 2 developed a software application that will enable Comcast to deploy the service for a modest monthly fee to existing set-top boxes without an additional in-home visit by a technician. -- **TiVo** and **Music Choice** inked a deal that will see the music programmer’s content delivered via broadband to the TiVoCast service. -- **Comcast** and **Panasonic** are teaming up to test an interactive digital cable-ready HD plasma TV based on OCAP specs, which would allow consumers to access features such as VOD and electronic program guides without a digital set-top. The pair said the testing will likely run through ’07, with initial commercial availability of the 1st model slated for early ’08. Also in the works is digital cable set-top development and exploration of extensions to OCAP specs. -- **Microsoft** unveiled a solution that integrates IPTV services within its Xbox 360 gaming console, allowing customers access to features such as voice chat, sending and receiving text and voice messages while watching TV. “IPTV on Xbox 360” is expected to be available by the end of ’07, and will be offered by providers that are deploying TV services over broadband networks based on the IPTV Edition software platform.

Mobile: **Sprint** selected **MobiTV’s** mobile TV service and platform to extend video services from the Sprint-Cable Companies JV to mobile handsets.

New Media: Airing content on VOD and the Internet does not cannibalize viewership of the linear program. That was the consensus of top-level executives from several cable networks at the **CES** panel Television 2.0. *Adam Shaw*, svp, distribution at **NFL Networks**, said for the first time in 10 years every one of the league’s broadcast partners had ratings increases. **HBO** averaged 1mln orders for every episode of “The Wire: Season 4,” which it

ABC Family Sets Records in 2006!

- **Best Year Ever** in Prime and Total Day in A18-34, W18-34 and W18-49
- 4Q06 was Best Quarter ever in Prime and Total Day in A18-34, W18-34 and W18-49

Source: Nielsen NTI, Live 000s. Prime: M-Sun 8-11pm, Total Day: M-Sun 6am-6am, excluding non-commercial programming. ABC Family launched Nov 2001.

abc family
a new kind of family

BUSINESS & FINANCE

released on-demand one week before the linear debut, said *Rishi Malhotra*, dir of HBO On Demand. "Having it available a week earlier helped build excitement," he said. HBO is taking the same tact with its series "Extras" and "Def Poetry" and may do the same again with the 5th season of "The Wire," which it just signed. *Albert Cheng*, **Disney-ABC TV Group's** evp, digital media, said the company will continue to invest in technology as well as content. "We were able to roll out the ABC.com broadband video player in 60 days because we have in-house engineering talent," he said.

Discovering Soccer: **Discovery Comm** founder *John Hendricks* is part of an investor group that purchased Fri the DC United soccer team for roughly \$33mln, according to the *Washington Post*.

People: **WWE** hired **Showtime's** *Geof Rochester* as svp, marketing. **WWE** upped *Peter Clifford* to svp, affil sales and marketing. -- **ESPN** named former **ABC News** prod *Robert Wallace* vp, **ESPN Original Ent.** -- **Current TV** appointed former **Cartoon Net** and **VH1** vet *Joshua Katz* pres, marketing. -- **Comcast SportsNet** promoted *Jon Slobotkin* to vp/exec prod, live events. -- **NBCU** promoted *Henry Ahn* to evp, TV nets distribution. -- **Millennium Digital Media** appointed former **Charter** exec *Teresa Hannay* svp, customer care.

CableFAX Daily Stockwatch

Company	01/09 Close	1-Day Ch	Company	01/09 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/			AVID TECH:	37.55	(0.16)
BRITISH SKY:	41.02	0.01	BLNDER TONGUE:	1.80	0.09
DIRECTV:	24.40	0.04	BROADCOM:	32.85	0.35
DISNEY:	34.50	0.31	C-COR:	11.75	0.17
ECHOSTAR:	38.95	0.58	CISCO:	28.63	0.16
GE:	37.55	(0.01)	COMMSCOPE:	30.13	(0.07)
HEARST-ARGYLE:	25.19	0.14	CONCURRENT:	1.81	0.01
ION MEDIA:	0.55	0.03	CONVERGYS:	24.55	(0.16)
NEWS CORP:	22.41	0.19	CSG SYSTEMS:	26.09	(0.08)
TRIBUNE:	30.83	0.02	GEMSTAR TVG:	3.90	0.08
MSOS					
CABLEVISION:	29.05	0.06	GOOGLE:	483.58	(3.61)
CHARTER:	3.33	0.08	HARMONIC:	7.19	(0.09)
COMCAST:	42.47	(0.08)	JDSU:	17.32	(0.34)
COMCAST SPCL:	41.80	(0.22)	LEVEL 3:	6.08	0.15
GCI:	15.65	(0.06)	LUCENT:	2.55	(0.02)
KNOLOGY:	10.55	0.17	MICROSOFT:	29.93	0.29
LIBERTY CAPITAL:	98.96	0.53	MOTOROLA:	18.60	(0.34)
LIBERTY GLOBAL:	29.34	0.30	NDS:	47.02	1.57
LIBERTY INTERACTIVE:	21.71	(0.06)	NORTEL:	25.18	(0.41)
MEDIACOM:	7.83	0.17	OPENTV:	2.60	0.00
NTL:	24.69	0.55	PHILIPS:	36.46	(0.26)
ROGERS COMM:	30.18	0.28	RENTRAK:	15.22	(0.13)
SHAW COMM:	32.58	0.13	SEACHANGE:	10.62	(0.01)
TIME WARNER:	22.37	0.14	SONY:	44.81	0.01
WASH POST:	760.99	1.99	SPRINT NEXTEL:	19.64	0.43
PROGRAMMING					
CBS:	31.05	0.16	THOMAS & BETTS:	46.43	0.08
CROWN:	4.00	0.12	TIVO:	5.61	0.16
DISCOVERY:	16.62	0.31	TOLLGRADE:	10.41	(0.16)
EW SCRIPPS:	49.92	0.07	UNIVERSAL ELEC:	19.71	(0.31)
GRUPO TELEVISA:	28.04	1.04	VONAGE:	6.59	0.07
INTERACTIVE CORP:	37.40	(0.13)	VYYO:	4.31	0.19
LODGENET:	25.90	1.14	WEBB SYS:	0.04	0.00
NEW FRONTIER:	10.04	0.06	WORLDGATE:	1.37	0.04
OUTDOOR:	12.46	(0.16)	YAHOO:	27.92	0.18
PLAYBOY:	11.42	(0.03)	TELCOS		
UNIVISION:	35.64	0.04	AT&T:	33.81	0.21
VALUEVISION:	12.50	0.11	BELLSOUTH:	47.11	0.00
VIACOM:	42.20	0.68	QWEST:	8.30	(0.05)
WWE:	16.19	0.10	VERIZON:	36.81	(0.16)
TECHNOLOGY					
3COM:	4.04	0.01	MARKET INDICES		
ADC:	14.97	(0.32)	DOW:	12423.49	25.48
ADDVANTAGE:	2.81	(0.02)	NASDAQ:	2438.20	3.95
AMDOCS:	38.61	0.16			
AMPHENOL:	63.36	(1.27)			
ARRIS GROUP:	12.80	(0.15)			

CableFAX databriefs



CableFAX databriefs is a weekly html newsletter delivered every Monday via email to qualified subscribers. Published by the well-respected **CableFAX Daily** editorial team, **CableFAX databriefs** is an extension of its sister publication and spotlights vital industry metrics for broadband operators.

Register for your FREE subscription today at www.ameda.com/cfx

Symonds Says...

If John Malone's return to the industry was re-imagined as a television drama, it might make a good Twilight Zone episode.

You can almost hear Rod Serling now: "Meet John Malone, billionaire; a man with a big bank account and even bigger dreams. Dr. Malone has more money than most men will see in ten lifetimes, but still wants more. And to get it he's going to revisit his past. But the world has changed since Dr. Malone first passed this way, and the road he thinks he knows is full of dangerous twists and turns. And while such hubris in some places is considered merely a character flaw, in others it can be downright deadly; places like...the Twilight Zone."



Curtis Symonds

Certainly there's a bit of the macabre in John Malone's return for everyone who remembers the days of cable's first 800-lb. gorilla, TCI. For the uninitiated, TCI was one of the most bizarre MSOs in history. I'll spare you the gory details, but let's just say at TCI customer service took a back seat to acquisition and the religious pursuit of equity. In fact, now that I think of it, under Malone service took a back seat to just about everything at TCI – other than, perhaps, marketing.

Now that might not have been a big deal under most circumstances, but TCI at the time was the country's largest MSO and its reputation for spotty service and its sub-standard infrastructure reflected on operators everywhere.

So when news of the good Doctor's deal with Rupert Murdoch to acquire controlling interest of DirecTV was announced, tongues started wagging in cableland.

What does Malone have planned for DirecTV? Is he going to take cable on, and will he be as ruthless a competitor as he was a colleague? Is he looking for a partner to offer a low-cost, triple-play of video, voice and data? Or is he merely trying to flip his new toy – one which many analysts agree is under-leveraged – for something bigger?

Like everyone else, I have no idea what John Malone has in mind. But I know this: cable is not nearly the same industry it was back when TCI roamed the plains. Not only are our products far more complex and capital-intensive, but the marketplace is infinitely more sophisticated.

The truck-chasing days are long gone. And the age when operators could get away with half-baked product lineups and one-size-fits-all service practices is locked in a closet, gathering dust along with Joe Piscopo's career.

Now do I think that Malone will run DirecTV the way he ran TCI? Look, he is a brilliant man and I have to believe that if he's in this for the long haul, he'll make both service and marketing much bigger priorities.

But don't forget, Malone's also a finance guy; he's not really an ops guy, he's not a marketing guy, and he's definitely not a service guy. And I'm just not sure his kind of leopard ever changes its spots. In other words, he may not be in this for the long haul.

And if that's the case, the time for operators to sharpen their knives is now. MSOs large and small should be investing in bigger and better call centers, launching next-generation products and beefing up their marketing budgets.

After all, given DirecTV's 20% churn rate, its pending owner's reputation for taking money out of a company rather than investing it in, and the very real possibility that for a few years the largest DBS provider in the country will be treated less like a service entity than a financial meal ticket, the time to start planning for the John Malone era of DirecTV is now.

And to that end, Symonds says on the behalf of my cable brethren up and down the line, "Bring it on, doctor."

Curtis Symonds can be reached at curtissymonds@yahoo.com.

cable
strategies tactics leaders | **WORLD**

› More Content › New Look › Same Great Character

› **Subscribe Now!**

Don't Miss Another Issue of **CableWorld** with its new look and sharpened editorial focus!

Renew or subscribe today at
www.ameda.com/cbwl.

Do you have a colleague who would benefit?
Tell them about us!