

# CableFAX Daily™

Wednesday — January 9, 2008

What the Industry Reads First

Volume 19 / No. 005

## Dodging Darts: Martin Examines Tru2way, Continues A-La-Carte Push

Only a half hour after **Comcast** chmn/CEO *Brian Roberts* showed off cable's tru2way (formerly OpenCable/OCAP)-powered wares in a **CES** keynote address Tues, FCC chmn *Kevin Martin* told show attendees that he's looking closely at the spec. With some goading from **CEA** pres *Gary Shapiro*, Martin said the tru2way licensing terms offered to CE makers deserve FCC scrutiny. "Making sure that there aren't onerous terms in any of those agreements...I think that's going to end up being important," he said. But after Shapiro called "frustrating" cable's supposed lack of openness compared to other industries, Martin actually—sit down, please—called cable's recent willingness to adopt more open specs than in the past "a good sign that people recognize that's what consumers want...that's a success in and of itself." He told reporters later that he'll try to ensure cable is offering "reasonable terms." At one point, without specifically mentioning cable, Shapiro thanked Martin for all he has done for the CE industry despite a campaign by some "to put darts in your back for standing up for consumers." Martin responded: "I appreciate any help I can get. Any shields you can provide are great." When Shapiro brought up a la carte, Martin added "that's what's causing all the darts" and said he's still "doing all I can" to make mandated a-la-carte a reality. He even went as far as to call such a rule a "marketplace solution" because it gives consumers more choices and would let the free market determine the most successful nets. Martin also said the difficulty that independent nets often face in getting cable carriage is "an increasing problem" and reiterated his view that the FCC should streamline its program-access complaint process. Shapiro also asked about the **Comcast-BitTorrent** controversy over whether the MSO is "blocking" Internet traffic; Martin said he supports operators' right to employ "reasonable management practices," but "we're going to investigate that and make sure no consumers are being blocked...in a discriminatory way." He also politely noted that providers should be "open and transparent" about their traffic management policies to avoid consumer confusion on the issue. -- Other highlights: Martin said involved industries are "doing well" educating consumers about the DTV transition, "but I think we all need to do more." -- Martin said it's "possible" that we'll see 700MHz-based devices as early as the next CES show in Jan '09, noting that the Feb '09 hard deadline will help hasten the introduction of such devices. -- At one point, Shapiro thanked Martin for supporting deregulation of telco DSL service when he was still just a commissioner at the FCC, declaring himself "a happy **Verizon FiOS** customer, so thank you for that."

**Comcast 3.0:** Sounding a little like *Buzz Lightyear* ("To Infinity and Beyond!"), **Comcast** CEO *Brian Roberts* used his CES keynote to pump the company's "Project Infinity"-dubbed VOD strategy. The idea is to feature everything on demand—including 6K movies by the beginning of next year. The MSO, which has surpassed 6bln VOD views, plans to offer 1K HD choices by year-end. To boost VOD, Comcast will create a system of library servers that will serve content to consumers from key locations across the country. Roberts also appears to be the official wide-

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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: Debbie Vodenos, 240/753-5696, dvodenos@accessintel.com ● Acct Mgr: Erica Gottlieb, 212/621-4612 ● 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 ● Diane Schwartz/VP and Group Publisher ● Online Publisher, Alison Johns, 212/621.4642 ● Paul Maxwell/Columist. Subs/Client Services: 301/354-2101, fax 301/309-3847 ● Group Subs : Angela Gardner, 757/531-1369, cfaxgroupsub@accessintel.com

band demo guy (remember New Orleans?), downloading the HD version of "Batman Begins" for the CES crowd in less than 4mins vs the 6 hours it would take for DSL. Comcast will deploy wideband this year, offering speeds of 100Mbps downstream/50Mbps upstream via DOCSIS 3.0 to millions by year-end. Other highlights: programming DVR online, caller ID on TV and a broad-scale launch of "Tivo on Comcast" across all of New England.

**FCC Probe:** Its official. The Democratic and Republican leadership of the House Commerce Committee sent FCC chmn *Kevin Martin* official notice of Congress' investigation of the agency's management and regulatory procedures. The Subcommittee on Oversight and Investigations is probing whether procedures are being conducted in a fair, open manner. Tues' letter to Martin asked him to immediately notify all FCC employees of their right to communicate with Congress and that it's against the law to deny their rights to furnish info to Congress or retaliate against a whistle blower. The Committee also requested that all email related to official work of the FCC be preserved. Commerce chmn *John Dingell* ordered an inquiry of the FCC last month (**Cfax**, 12/4).

**Unrewarded Honesty:** Following chmn/CEO *Randall Stephenson's* Tues admission of recent softness in **AT&T's** consumer businesses at a **Citigroup** conference, the telco's share price promptly tumbled approx 7% before rallying slightly. A faltering economy is largely to blame for the softness, which has been most vividly displayed by non-pay access line disconnects and is also being felt in broadband services, he said. Of other factors affecting line losses, Stephenson said it's "not so much cable as wireless [adoption]." Not mentioned in the economic discussions, **U verse TV** is definitely amidst an "up cycle," he said, characterized by rising investment, solid execution and average double-play (video/broadband) ARPU's of \$90-\$100. The telco plans to be more aggressive with triple-play bundles this year, he said.

**VOD Ads:** The majority of viewers of VOD are not, in fact, fast-forwarding through pre-rolled commercials as has been conventional wisdom. This from *Kenneth Papagan*, president and chief strategy officer at **Rentrak**, which tracks VOD viewing for MSOs including **Comcast**, **Charter** and **Cablevision**. "These are not 10-minute [commercial] blocks anymore, and the consumer after the 5th time trying to fast-forward through a 15-second ad is finding it's just too much trouble," Papagan said at a **CES** panel on bridging TV and broadband. He also noted viewer patterns in skipping ads is highly program-related. Rentrak is also developing metrics to determine the time between when a viewer watches a promo for a show or movie and actual viewing of said show, he noted. The biggest barrier to robust on-demand advertising is the lack of digital insertion equipment, he said. "It's a big investment for cable operators but it's inevitably coming, he said. "Competition will force them to bring the pieces together to make that rollout happen."

**Competition:** **Verizon's FiOS** service received top scores in a *Consumer Reports* survey for a TV, broadband and phone bundle. Noting that FiOS availability is limited, the mag listed **Cox**, **Bright House** and **WOW** as "fine alternatives" to FiOS. **DirectTV** scored higher than all the major cable companies and **DISH Network** on TV service, CR said. For Internet service through a cable company, WOW and Bright did well. **Cincinnati Bell** performed well among DSL providers. Cox had high marks for VoIP.

**Mobile:** **Verizon Wireless** has added short-form programming from **Sundance Channel** to its **V Cast** video service, which now also features highlights from **Fox Soccer Channel's** coverage of England's Barclays Premier League.

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**Advertising:** National cable ad sales are expected deliver a 10% CAGR through '11, bringing gross billings to more than \$28bln, according to **SNL Kagan**. Local ad sales, however, are expected to grow at a "low" CAGR of 6.8% over the same period, to \$5.7bln, hurt by a faltering economy. Helping both ad types will be a continued viewership migration to cable. "Broadcast networks have been losing viewers, and it's going to get worse," said Kagan, which said the WGA strike will only exacerbate this trend.

**Programming:** **CBS** is turning to cable in an effort to weather the writers' strike, tapping the 1st season of **Showtime's** "Dexter" to fill airtime—and to expose additional viewers to the show. The series' initial ep bows Feb 17 on the broadcast net, and will air for 12 successive Sun's. But the sharing also works in reverse, as Showtime green-lit a 2nd installment of "Big Brother: After Dark," featuring a live daily (midnight-3am) feed from the **CBS** show's house. **Sho2** begins airing the footage Feb 12.

**Ratings:** **Turner's** courtship of a new audience segment through the New Year's Day launch of **truTV** (1.1/1.02mln) has yielded early dividends, as the net earned historical delivery bests in prime among adults 18-49 (617K), adults 25-54 (659K) and viewers (1.39mln). While average prime viewership moved modestly upward compared to typical **Court TV** numbers at this time of year, the net achieved hearty improvement in the total programming day by garnering an 0.8, a 25% improvement over Court's standard 0.6. -- Surely **Nick at Nite** (1.4/1.36mln) is smiling about its inclusion in the prime ratings top 5, owing in large part to the popular syndication runs of sitcoms "Home Improvement" and "George Lopez." The net tied for 4th with **TBS** (1.4/1.41mln), and both were preceded by consistent tenants **USA** (2.1/2.02mln), **Disney** (1.9/1.79mln) and **TNT** (1.8/1.71mln). -- **Brag Book:** "How to Look Good Naked" (Fri) goes down as **Lifetime's** most-watched reality series ever among 18-34s (449K), 18-49s (868K) and women 18-34 (449K). -- In '07, **ESPN2** and **ESPNEWS** each achieved their most-viewed year ever and **ESPN** registered its most-viewed 4Q ever. -- Jamie Lynn Spears' teenage pregnancy didn't hurt her ratings. "Goodbye Zoey," the Season 3 finale of "Zoey 101," was the 2 highest-rated cable program of the week, notching a 4.8/4.63mln Fri.

**Write-in Vote:** **Hallmark Channel** says its email inbox surged from a few hundred emails a day to more than 60K in the last week alone. The emails thank the net for providing "clean, wholesome programs that families can enjoy together." At first, we figured Crown pres/CEO **Henry Schleiff** must have some serious calluses on his thumbs, but it turns out Christian-based **OneMillionMoms.com** and **OneMillionDads.com** are behind the love letters. Not everyone's getting fan mail. A past post complains that **TNT's** "Saving Grace" included "55 profanities ... and multiple variations of God's name in vain presented by **AT&T**" (the telco was a sponsor).

**Tech:** **Gemstar-TV Guide** has inked a multi-year IPG product license agreement with **Polaroid Labs**, which will begin this year incorporating Gemstar products into select DVRs and digital TVs. Included is TV Guide's "Data Loader," permitting customers to develop their own graphical interface.

**Networking with John:** Kudos to **Cisco** CEO **John Chambers**, who politely (and dare we say, even enthusiastically) entertained reporters hovering around him at a Mon night reception the company held at a swanky, 34th-floor suite at the Venetian in Vegas. Some takeaways: Cisco is "really committed" to the open architecture, and banking on its broad product suite and networking expertise. "I always put my bet on the portfolio," he said. "The advantage of Cisco is that we're platform agnostic." With cable continuing to embrace a "do-it-yourself" model for on many fronts, it will be interesting to see whether Chambers' evangelism wins over more converts. The best part, however, was when Chambers—his eyes beaming with almost child-like wonder—told us that we'll someday use broadband networks to "beam people into your home"—or at least holographic versions of them. Let's just hope there's a pa-

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# BUSINESS & FINANCE

rental-control feature.

**On the Circuit:** NCTA is talking tech with its new blog, [www.cabletechtalk.com](http://www.cabletechtalk.com), which focuses on telecom policy, cable services/products and other high-tech products that operate on cable's infrastructure. The blog features live updates from CES.

**Honors:** The lengthy list of Technology and Engineering Emmys includes **Time Warner Cable, S-A, N2 Broadband, AT&T, Showtime, CNN, MTVN, Bravo, Ensequence** and **Big Band Networks**. However, not everyone got an Emmy statuette due to litigation over the awards between presenter **The National Academy of Television Arts & Sciences** and **The Academy of TV Arts & Sciences**.

**People:** Turner Animation has tapped former MTVN exec **Brenda Freeman** as chief marketing officer, a post that includes support of **Cartoon Net, Adult Swim** and **Boomerang**. -- **Nickelodeon/MTVN Kids and Family Group** promoted **Samantha Malin** to svp, integrated marketing and partnerships, ostensibly to replace Freeman.

**Business/Finance:** Liberty Global has authorized a stock repurchase program calling for periodic acquisitions up to \$500mln of its Series A common stock, Series C common stock, or any combination of the pair.

## CableFAX Daily Stockwatch

Company	01/08 Close	1-Day Ch	Company	01/08 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BRITISH SKY:	44.68	(0.22)	AMPHENOL:	41.35	(1.5)
DIRECTV:	21.82	0.22	APPLE:	171.25	(6.39)
DISNEY:	30.54	(0.62)	ARRIS GROUP:	7.86	(0.33)
ECHOSTAR:	31.30	(0.68)	AVID TECH:	25.39	(0.74)
GE:	35.40	(0.78)	BIGBAND:	4.37	(0.06)
HEARST-ARGYLE:	19.86	(0.18)	BLNDER TONGUE:	1.60	0.01
ION MEDIA:	1.34	0.02	BROADCOM:	24.17	(0.09)
NEWS CORP:	19.42	(0.49)	CISCO:	25.43	(0.7)
TRIBUNE:	33.98	0.00	COMMSCOPE:	42.14	(1.7)
<b>MSOS</b>					
CABLEVISION:	23.81	(0.05)	CONCURRENT:	0.74	(0.07)
CHARTER:	0.97	(0.06)	CONVERGYS:	14.81	(0.35)
COMCAST:	16.62	(0.38)	CSG SYSTEMS:	13.19	(0.67)
COMCAST SPCL:	16.54	(0.33)	ECHOSTAR HOLDING:	32.00	(1.74)
GCI:	8.01	(0.24)	GEMSTAR TVG:	4.71	(0.03)
KNOLOGY:	11.41	(0.53)	GOOGLE:	631.68	(17.57)
LIBERTY CAPITAL:	111.90	1.90	HARMONIC:	9.78	(0.18)
LIBERTY GLOBAL:	36.20	(1.18)	JDSU:	11.74	(0.64)
LIBERTY INTERACTIVE:	17.20	(0.41)	LEVEL 3:	2.95	(0.02)
MEDIACOM:	4.62	(0.09)	MICROSOFT:	33.45	(1.16)
NTL:	28.22	0.00	MOTOROLA:	14.85	(0.13)
ROGERS COMM:	42.97	0.00	NDS:	56.18	(0.33)
SHAW COMM:	22.90	(0.8)	NORTEL:	13.30	(0.69)
TIME WARNER CABLE:	24.29	(0.73)	OPENTV:	1.19	(0.06)
WASH POST:	793.50	(6.49)	PHILIPS:	39.77	(0.87)
<b>PROGRAMMING</b>					
CBS:	24.38	(0.4)	RENTRAK:	12.50	(0.21)
CROWN:	5.55	(0.24)	SEACHANGE:	6.58	(0.28)
DISCOVERY:	24.19	(0.27)	SONY:	54.16	0.06
EW SCRIPPS:	42.18	(1.13)	SPRINT NEXTEL:	12.55	(0.4)
GRUPO TELEVISA:	22.56	(0.13)	THOMAS & BETTS:	46.15	0.56
INTERACTIVE CORP:	24.58	(0.89)	TIVO:	6.92	(0.34)
LODGENET:	16.07	(0.05)	TOLLGRADE:	7.57	(0.11)
NEW FRONTIER:	5.27	0.00	UNIVERSAL ELEC:	29.16	(2.65)
OUTDOOR:	6.09	(0.23)	VONAGE:	1.81	(0.1)
PLAYBOY:	8.38	(0.13)	VYYO:	2.95	(0.16)
TIME WARNER:	15.72	(0.08)	WEBB SYS:	0.05	0.00
UNIVISION:	36.23	0.00	YAHOO:	22.61	(0.57)
VALUEVISION:	5.11	(0.1)	<b>TELCOS</b>		
VIACOM:	41.16	(0.84)	AT&T:	39.16	(1.87)
WWE:	14.29	(0.16)	QWEST:	6.12	(0.41)
<b>TECHNOLOGY</b>					
3COM:	4.12	(0.09)	VERIZON:	41.99	(0.93)
ADC:	13.43	(0.52)	<b>MARKET INDICES</b>		
ADVANTAGE:	5.52	(0.33)	DOW:	12589.07	(238.42)
ALCATEL LUCENT:	6.65	(0.12)	NASDAQ:	2440.51	(58.95)
AMDOCS:	30.98	(0.38)			



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