

CableFAX Daily™

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What the Industry Reads First

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Indoor Playground: Cable, Consumers Seek At-Home Tech Convergence

CableLabs and the cable industry appear particularly enamored with home networking capabilities, as related tech again emerged victorious at CableLabs' Innovation Showcase. After judges selected **Silicon Image's** idea for more cost-effective home networking as the best and most likely to succeed idea at the summer Showcase, **Verismo Networks'** convergence platform that delivers broadband content to the TV screen earned the same recognition Mon. Now available for \$99+, VN's **VuNow** device aims to improve and enhance "the consumer's TV entertainment experience," said evp, sales and marketing **Dhaval Ajmera**, who sees potential for related software apps "as a collaborative effort with cable and satellite providers." Those apps may include a portal within linear channels connecting to content providers' online offerings, he said. **Comcast** CTO **Tony Werner** called the tech "very compelling" in its ability to complement searches for long-tail content. The **CableLabs Technology Forum** audience voted VuNow as the best tech among 10 presenters, proving that consumers are also keen on improving in-home platform convergence. As such, Charter CTO **Marwan Faraz** said it's extremely important for the industry to "enrich the video solutions in the home." Immediacy seems to be driving the popularity of home-networking tech too, in this case helping VuNow beat out multiple advanced wireless solutions presented at the Showcase. "I think you could see convergence of cable platforms in the not-so-distant future," said Werner. CableLabs evp/chief strategy officer **David Reed** said Forum traffic has been tracking equal to last year.

A la Carte: It appears **Kevin Martin** has passed the a la carte torch on to a state legislator. SC state Sen **Mike Fair** (R) has drafted a bill that would let consumers in the state select which channels they receive and pay for them on a channel-by-channel basis, reports the *Greenville News*. Lawyers tell us states don't have the authority for such a move, but cable should take note that the article had generated 30 comments (many pro-a la carte) by Mon afternoon.

Competition: **DirecTV** joined the pack and announced '09 rate hikes. The new prices, which take effect Mar 4, represent increases of about 4-6%. Most of DirecTV's base packages will see a \$3/month increase, while the cost for 1 premium channel jumps 99 cents. Subs with 2 premiums will see \$1/month hike total, not \$1 for each premium net. DirecTV DVR service goes up 1 penny. While the increases are in-line with rate hikes from **DISH** and major MSOs, **Sanford Bernstein** told clients DirecTV is "arguably more vulnerable to recession-related service downgrades than competitors, given its more significant reliance on 'discretionary' services." -- **E!** and **Nat Geo** have agreed to feature content on the **Verizon Hub**, an in-home system that runs through a broadband connection and bridges wireline and wireless connectivity.

At the Portals: Could we be getting close to **FCC** approval of **Time Warner's** spin-off of **Time Warner Cable**? Last Thurs, TWC pres/CEO **Glenn Britt** and various execs met with acting **FCC** chmn **Michael Copps** and commissioner **Jonathan Adelstein**. "At both meetings, consistent with our prior filings, we reiterated why approval of the license transfers attendant to the pending separation transaction will promote the public interest, and we urged the Commis-



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sion to take immediate action,” TWC said in an FCC filing.

CVC Doings: Ahead of its Feb 26 earnings call, **Cablevision** said it will write down the value of its publishing group as part of its '08 financial results. According to an **SEC** filing, pre-tax impairment charges of approx \$375-\$450mln “reflect the continuing deterioration of values in the newspaper industry and the greater than anticipated economic downturn, and its current and anticipated impact on the newspaper publishing group’s advertising business.” The MSO agreed in May to acquire *Newsday* for \$650mln. Separately, Cablevision subsidiary **CSC Holdings** said it’s planning an offering of \$500mln in sr notes to certain institutional investors, with the proceeds slated to address CSC’s and the MSO’s upcoming debt maturities.

On the Hill: The **Senate** is expected to vote on its version of the economic stimulus package as soon as Tues. Recent compromises include trimming broadband grants by \$2bln to \$7bln. That’s still more than the \$6bln included in the **House** version of the bill, which passed late last month. **ACA** sent letters last week to the heads of the **House** and **Sen Commerce** committees urging lawmakers to make federal assistance available to cable providers as part of the stimulus package. ACA identified its greatest priority as the ability of local networks to connect directly to the national fiber network that today only runs through major markets. Instead, ops in many smaller and rural markets must connect through limited-capacity pipes, such as T1s. “We estimate that it would take approximately 10 individuals about 4 months to build a 50-mile connection to one community. Given the number of unconnected small towns and rural areas across the country, bringing higher broadband speeds to these areas could provide thousands of jobs over the next couple of years,” ACA chief *Matt Polka* wrote in the letters, noting that the pipe would be available to other companies interested in offering competitive broadband service and that it would create new jobs for skilled technicians.

Sweetheart Deal: We wish cable would do more of these kind of promotions to reward loyal customers. **Time Warner Cable S CA** is celebrating Valentine’s Day by offering 30+ VOD movies for a penny each. And they aren’t all older titles. Included in the penny arcade are new releases: “Burn After Reading,” “Mama Mia,” “Horton Hears a Who!” and more. The offer is good Sat and Sun.

In the States: A network connectivity solution from **RCN Metro Optical Networks** is helping **MetroCast** expand its reach from CT to NH, reduce Internet connection costs and expand bandwidth speeds to 10Gbps. -- **Time Warner Cable** has reached the 100 channels of HD mark in NYC.

Programming: **USA** acquired the exclusive network TV premiere rights to 24 feature films from **Universal Pictures**, many of which are slated to premiere this year. Included are “Land of the Lost,” featuring *Will Ferrell*, and “Public Enemies,” starring *Johnny Depp*. -- **HBO** has won the right to produce and distribute the highly-anticipated PPV bout between *Ricky Hatton* and *Manny Pacquiao*, May 2 in Las Vegas. -- **HDNet** inked a deal with **World Victory Road** to exclusively air Sengoku MMA events, including 25 from Asia in '09. -- **Cartoon** picked up CG-animated series “Star Wars: The Clone Wars” for a 2nd season. Season 1 ranked 1st in its time period on all TV for boys 2-11. -- **CNBC** bows original doc “Newbos: The Rise of America’s New Black Overclass,” Feb 24 at 9pm ET. Among those featured are **BET** co-founder *Bob Johnson* and the **NBA**’s *Lebron James*.

Honors: **AMC** and **HBO** each earned 3 **Writers’ Guild Awards** Sat night to lead cable, while **Nickelodeon** picked

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Source: BETA 2008 Cable Operator Carriage Study. Ranked among all measured emerging and mid-sized cable networks among non-affiliates “very/fairly interested in carrying channel by end of 2009”.

BUSINESS & FINANCE

up an honor for a children's script in "The Naked Brothers Band" and IFC shared an award with AMC for comedy/variety special the "2008 Film Independent Spirit Awards." AMC also received nods for dramatic series ("Mad Men") and episodic drama ("Breaking Bad"), and HBO was recognized for new series ("In Treatment"), long-form original ("Reckoning") and long-form adaptation ("John Adams").

People: Turner Sports and Ent promoted Seth Ladetsky, Ken Shapiro and Keller Withers to vps, digital sales. -- **WWE** tapped Michelle Wilson as evp, marketing. -- **RHI Ent** appointed Jeff Sagansky non-exec chmn, effective immediately.

On the Circuit: Former Rainbow Network Sales pres Gregg Hill is smashing these days. Really. Hill, who stepped down from his post in July '06, has a solo sculpture exhibition opening in Atlanta next week called "SMASHED!" at the Marcia Wood Gallery. He creates works of art by literally smashing massive 30 and 55 gallon oil drums with a crane and a large weight, giving them perfectly shiny, colored surfaces. His 1st solo exhibition was last year. Check out his work at www.gregghill.org.

Business/Finance: New Frontier's transactional TV segment garnered \$10.5mln (+6%) in rev for the Q ended Dec 31, in part due to improved VOD performance on several cable systems.

CableFAX Daily Stockwatch

Company	02/09 Close	1-Day Ch	Company	02/09 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	27.88	(1)	AMDOCS:	18.82	0.14
DIRECTV:	22.58	0.00	AMPHENOL:	28.65	(1.06)
DISH:	13.91	0.34	APPLE:	102.51	2.79
DISNEY:	19.44	(0.01)	ARRIS GROUP:	6.82	(0.06)
GE:	12.64	1.54	AVID TECH:	11.20	(0.25)
HEARST-ARGYLE:	4.48	(0.08)	BIGBAND:	5.01	(0.49)
NEWS CORP:	7.51	(0.17)	BROADCOM:	18.21	0.13
MSOS					
CABLEVISION:	15.13	0.02	CISCO:	16.85	(0.19)
CHARTER:	0.08	(0.01)	CLEARWIRE:	3.80	(0.23)
COMCAST:	14.41	0.24	COMMSCOPE:	14.59	(0.52)
COMCAST SPCL:	13.43	0.32	CONCURRENT:	3.96	(0.02)
GCI:	6.69	(0.1)	CONVERGYS:	8.02	(0.2)
KNOLOGY:	5.46	0.10	CSG SYSTEMS:	15.21	(0.26)
LIBERTY CAPITAL:	5.51	0.19	ECHOSTAR:	16.63	(0.01)
LIBERTY ENT:	19.00	(0.32)	GOOGLE:	378.77	7.49
LIBERTY GLOBAL:	14.89	(0.06)	HARMONIC:	5.72	(0.02)
LIBERTY INT:	3.64	0.14	INTEL:	14.91	0.18
MEDIACOM:	5.25	(0.05)	JDSU:	3.70	(0.14)
SHAW COMM:	16.95	0.22	LEVEL 3:	0.97	(0.02)
TIME WARNER CABLE:	19.00	(0.16)	MICROSOFT:	19.44	(0.22)
VIRGIN MEDIA:	4.98	0.02	MOTOROLA:	4.15	0.27
WASH POST:	418.50	(3.48)	OPENTV:	1.20	(0.06)
PROGRAMMING					
CBS:	6.22	(0.18)	PHILIPS:	20.78	0.05
CROWN:	1.72	(0.07)	RENTRAK:	12.41	(0.07)
DISCOVERY:	14.05	0.11	SEACHANGE:	6.10	(0.04)
EW SCRIPPS:	1.74	0.12	SONY:	20.44	(0.44)
GRUPO TELEVISIA:	14.29	(0.1)	SPRINT NEXTEL:	2.45	(0.02)
HSN:	5.00	(0.25)	THOMAS & BETTS:	27.33	0.48
INTERACTIVE CORP:	14.98	0.19	TIVO:	7.62	(0.12)
LIBERTY:	25.07	0.09	TOLLGRADE:	5.67	(0.33)
LODGENET:	0.59	(0.01)	UNIVERSAL ELEC:	12.39	(0.12)
NEW FRONTIER:	1.65	(0.05)	VONAGE:	0.55	(0.02)
OUTDOOR:	6.03	(0.05)	YAHOO:	13.90	0.27
PLAYBOY:	1.76	0.01	TELCOS		
RHI:	4.04	(0.55)	AT&T:	25.89	(0.19)
SCRIPPS INT:	22.01	(0.25)	QWEST:	3.37	0.14
TIME WARNER:	9.35	(0.28)	VERIZON:	31.39	(0.33)
VALUEVISION:	0.22	(0.02)	MARKET INDICES		
VIACOM:	18.12	0.00	DOW:	8270.87	(9.72)
WWE:	9.25	0.00	NASDAQ:	1591.56	(0.15)
TECHNOLOGY					
3COM:	2.64	0.04			
ADC:	3.52	(0.17)			
ADVANTAGE:	1.83	0.07			
ALCATEL LUCENT:	1.86	0.00			



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EYE ON ADVERTISING

A Vibrant Future For Targeted Advertising?

One of a new crop of digital-only ad shops, Vibrant Media operates a network of contextually targeted advertising that reaches almost half of U.S. Internet traffic. Cable networks are taking notice. Vibrant counts ABC Family, A&E, Comedy Central and NBCU among clients. CableFAX contributor Cathy Applefeld Olson sat down with Vibrant CEO Doug Stevenson, who explained why he believes Vibrant's type of advertising can complement linear television, as well as what these cable nets and other clients are really looking for.

Vibrant is working with a lot of cable networks looking for new ways to advertise their programming. How are they using your platform?

DS: A lot of them are using our in-text video to deliver a branded advertising environment. They're running tune-in adverts to remind people of a particular show.

Can you walk us through an example of one such campaign?

DS: **Comedy Central** bought a range of words they could use to promote Indecision 2008, "The Daily Show" and ["The Colbert Report"] just prior to the election. They wanted to drive people to the TV program, so when a user moused over the relevant words, for instance, [the words] *Jon Stewart*, they would get a 15-second clip of Indecision 2008. It worked really well.

The networks aren't the only ones turning online for a more targeted, engaged advertising experience.

DS: I was at dinner recently with the head of digital for one of the largest advertisers, an *Ad Age* top five, and he said in the six years he's been at his company he's watched the television ad spend go from 75% to

50%-55%. On the digital side he's seen the spend go from 3% to 20%, so that's where the money is going. Advertisers these days really want performance and accountability, and they get that with digital—as long as it isn't old-school digital.

Those are some daunting numbers... But I have to ask, What's old school digital?

DS: Old-style banner adverts placed on a site and measuring CPMs are old-school digital. New school digital is accountable and performance-measured.

I assume your clients are looking for the latter?

DS: The pricing system they want is cost per click, which is very accountable. With the TV advertising model or print model, how can you tell them whether the user has engaged with the advertising? In these times where people are very return on investment-focused for ad dollars, being able to deliver performance and cost per click is an effective way to spend those dollars. They want to know how long the user spends watching the video. Did they stop halfway through? How long did they spend on the landing page?

Based on your conversations with clients, do you believe it's an either/or or a both/and scenario with regard to linear television and online advertising?

DS: I definitely don't think it's an either/or at the moment. Our clients want to do both. Digital offers complementary communication. The TV screen is such a big space to deliver a strong message—it's a huge branding opportunity—which is why if they eventually can also demonstrate engagement on the TV, that would be really effective.

(Longtime entertainment industry reporter Cathy Applefeld Olson is delighted to be documenting media's wild ride into the 21st century).



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the best business advice Dick Green has received...

"Cable is a capital-intensive business."

Dick Green
CEO
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