

CableFAX Daily™

Wednesday — April 21, 2010

What the Industry Reads First

Volume 21 / No. 076

Crystal Ball: Levin Forecasts Internet Video, iPhone Set-Top & Frustrated Consumers

FCC Broadband Plan chief *Blair Levin* has a few predictions for cable. One of them is that someone will invent “an iPhone equivalent of the set-top box.” And another is that over-the-top video is coming and could offer some benefits (and challenges) to the industry, particularly given cable’s prime position in broadband. “You do not want to be the industry that says no to the set-top equivalent of the iPhone,” Levin said during his keynote at the ACA Summit outside DC Tues. Given that it’s less expensive for cable to upgrade to DOCSIS 3.0 from 2.0 than it is for similar telco upgrades, he said “it’s likely, though not inevitable, that cable will increase its lead” in broadband. Levin also warned that consumer anger over escalating cable prices is reaching levels similar to what served as “kindling” for the ‘92 Cable Act. He expects there to be some response—either from the market (likely in the form of over-the-top video) or from the govt. In a Summit panel later that day, **NCTA** pres/CEO *Kyle McSparrow* said there would have to be an economic model for over-the-top video, and it’s not there yet. “We’re fairly prepared for that model to shift over time,” he said. **ACA** chief *Matt Polka* said there will be a demand for over-the-top video, but “I don’t know that it’s necessarily linked... that cable rates are going to drive more of that.” Several ACA board members later told reporters that they weren’t threatened by the idea of moving to an Internet video model if they were controlling the bits. “I don’t know that [such a change] would matter in terms of profitability,” said ACA chmn and **Wave Broadband** COO *Steve Friedman*.

Retrans: No **ACA** Summit is complete without retrans reform calls, but here’s a shocker—it almost didn’t happen this year. “6 months ago, we were saying to our board that we don’t think it’s an issue. We don’t see a vehicle for it,” said ACA head *Matt Polka*. Then along came **Fox-Time Warner Cable** and **Cablevision-Disney**, and the issue has seen more light than it has in years. “I think sometimes these issues have to work their way through the systems,” Polka said, expressing optimism in recent remarks from **FCC** chmn *Julius Genachowski*. *Brad Gillen*, legal adviser to FCC commish *Meredith Baker*, called ACA “the canary in the coalmine” on retrans. He and other FCC staffers on a Summit panel made no commitments on changes but said now is the time to look at the issue. The FCC seeks comments on a petition filed by ACA, **Time Warner Cable** and 12 others on revamping retrans. *Rosemary Harold*, legal adviser to FCC commish *Robert McDowell*, said her boss views the FCC’s power to affect a lot of change in retrans as limited under the statute. She called

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on ACA to not just provide details, but to make legal arguments for what the FCC can do with the current statute.

Hill View: Congressional staffers for key committees told **ACA Summit** attendees that program access, the **Comcast-NBCU** merger and Internet video remain priorities. And all suggested that Congress won't tackle net neutrality or the question of whether to reclassify Internet access as a "telecom service," preferring to let the FCC process run its course for now. On retrans, staffers again punted to the FCC, with **Senate Commerce's David Quinalty** calling the retrans process a "black box" with little transparency. "It's almost impossible to get a straight answer from both parties," he said. On Comcast-NBCU, staffers said there will be no more merger-specific hearings but left the door open for more hearings on Internet video. **Senate Antitrust** Committee's **Seth Bloom** called the Internet "an enormous new competitive force... TV Everywhere has great potential, but is it going to be the only way consumers can access the content? That's our concern." **House Commerce's Roger Sherman** noted "healthy skepticism about the TV Everywhere model" but said members haven't prejudged it. And Quinalty said Congress doesn't want to hamper the online content evolution. "It does seem like this is an unstoppable force of nature," he said.

Cable Show: Late Tues, the **NCTA** announced star-studded lineups for the 3 general sessions in L.A: The first general (Tues, May 11, 1:30pm PT) is "Storytelling 3.0: Audiences, Creators, Content & Connection" with **Time Warner Cable** chmn/pres/CEO **Glenn Britt**; **Viacom** pres/CEO **Philippe Dauman**; **Cox** pres Patrick Esser; **Kevin Tsujihara**, pres, **Warner Bros Home Entertainment Group**; and **Discovery** pres/CEO **David Zaslav**. General session 2 (Wed, May 12, 9:15am PT): "Media Everywhere: Implications of the Always-On Network," with **Marc Andreessen**, general partner, **Andreessen Horowitz**; **Time Warner** chmn/CEO **Jeff Bewkes**; **CBS** pres/CEO **Leslie Moonves**; **Comcast** chmn/CEO **Brian Roberts**; and **Stacey Snider**, co-chmn/CEO, **DreamWorks Studios**. General session 3 (Thurs, May 13, 9am PT) features a keynote with **FCC** chmn **Julius Genachowski** (interviewed by **NCTA** pres/CEO **Kyle McSillarow**) and then a panel with **Ari Emanuel**, CEO of **William Morris Endeavor Entertainment**; **Amy Pascal**, co-chmn, **Sony Pictures Entertainment** and chmn, **Sony Pictures Entertainment Movie Picture Group**; **TiVo** pres/CEO **Tom Rogers**; **Cablevision** CEO **Tom Rutledge**; and **Twitter** founder/CEO **Evan Williams**.

ACA Notebook: In light of the proposed **Comcast-NBCU** jv, **NCTC** pres/CEO **Jeff Abbas** appealed for Comcast to commit to negotiate with the co-op on programming contracts. Meanwhile, **ACA** said it has met with Comcast over the proposed transaction. The group has been vocal in its call for merger conditions. The most recent took place in Feb at Comcast's Philly HQ after the first Hill hearings on the deal. "It was cordial, with both sides reinforcing needs and wants and concerns," said ACA board member and **WOW!** pres/CEO **Colleen Abdoulah**. "Nothing was decided. Nothing was promised." -- Rep **Bart Stupak** (D-MI) dashed any rumors of a 1996 Telecom Act rewrite this year but said the law "needs to be updated much more quickly" because it's already outdated. And he said his bill to reform the Sunshine Law so **FCC** comrs can more freely communicate continues moving forward, predicting hearings on the issue in the next 30 days.

At Odds: **DirecTV** and **DISH** may have agreed to drop their lawsuits and counterclaims over DISH's "Why Pay More" TV spots, but DirecTV resumed trash talking between the pair Tues in response to DISH's Mon claim that it offers more than 200 national HD channels, best in the industry. DirecTV said it will begin adding 30 new HD nets in May, including **CSN CA HD**, **Hallmark Channel HD** and **GoTV HD**, and that once the process is complete over the ensuing few months, it

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BUSINESS & FINANCE

will feature more than 160 high-def channels—the true market-leading tally. “While DISH Network is very skilled at grossly inflating their HD numbers, you’d be hard pressed to find an actual list of comprehensive HD channels that match their recent claims,” said DirecTV evp, content strategy and dev *Derek Chang* in a release. “We challenge DISH to publish a list of all their full-time HD channels so consumers can decide and count for themselves.” DISH failed to respond to inquires, but the DBS op’s Mon release noted that some of its HD offerings are only available through a specific DVR. Also of note: DirecTV becomes, through the additions of **Starz In Black HD** and **Starz Cinema HD**, the 1st affil to offer those nets and the entire suite of Starz premium channels in HD.

Programming: Ensuring at least a 2-yr late-night comedy scrum with **TBS** and *Conan O’Brien*, **Comedy Central** inked separate contract extensions with *Jon Stewart* and *Stephen Colbert* that keeps the pair’s shows going at the net through Jun ’13 and Dec ’12, respectively. -- The 4th season of **AMC**’s “Mad Men” kicks off Jul 25, and the net’s original “Rubicon” will premiere Aug 1 with back-to-back eps. -- **HBO** greenlit an 8th season of “Curb Your Enthusiasm” (’11).

People: *John Penney* was named evp, strategy and business dev, **Starz** and *Carmi Ziotnik* was named managing dir, **Starz Media**.

CableFAX Daily Stockwatch

Company	04/20 Close	1-Day Ch	Company	04/20 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	38.64	0.40	APPLE:	244.59	(2.48)
DIRECTV:	36.10	(0.06)	ARRIS GROUP:	12.96	0.16
DISH:	21.82	0.32	AVID TECH:	17.81	0.58
DISNEY:	36.54	0.37	BIGBAND:	3.60	0.04
GE:	19.00	0.06	BLNDER TONGUE:	1.06	(0.02)
NEWS CORP:	18.23	0.03	BROADCOM:	35.62	0.63
MSOS					
CABLEVISION:	25.71	0.18	CISCO:	27.18	0.11
COMCAST:	18.54	(0.04)	CLEARWIRE:	7.49	0.23
COMCAST SPCL:	17.73	0.07	COMMSCOPE:	31.49	1.22
GCI:	6.26	0.16	CONCURRENT:	5.95	0.03
KNOWLEDGE:	13.51	0.17	CONVERGYS:	13.28	0.03
LIBERTY CAPITAL:	44.40	1.13	CSG SYSTEMS:	22.09	0.04
LIBERTY GLOBAL:	28.97	0.42	ECHOSTAR:	19.69	0.23
LIBERTY INT:	16.39	0.06	GOOGLE:	555.04	4.94
MEDIACOM:	6.28	(0.32)	HARMONIC:	7.05	0.05
RCN:	14.75	0.07	INTEL:	24.12	0.12
SHAW COMM:	19.72	0.28	JDSU:	13.38	0.27
TIME WARNER CABLE:	52.74	0.54	LEVEL 3:	1.61	(0.03)
VIRGIN MEDIA:	17.88	0.36	MICROSOFT:	31.36	0.32
WASH POST:	538.54	6.55	MOTOROLA:	7.42	0.03
PROGRAMMING					
CBS:	15.95	0.45	PHILIPS:	34.98	1.45
CROWN:	1.96	0.08	RENTRAK:	21.88	1.05
DISCOVERY:	36.02	0.68	SEACHANGE:	8.45	0.14
GRUPO TELEVISA:	21.36	0.26	SONY:	35.67	(0.44)
HSN:	32.10	1.29	SPRINT NEXTEL:	4.17	(0.02)
INTERACTIVE CORP:	23.77	0.13	THOMAS & BETTS:	43.13	0.96
LIBERTY:	38.67	0.47	TIVO:	17.89	0.63
LIBERTY STARZ:	55.02	0.25	TOLLGRADE:	6.73	(0.09)
LIONSGATE:	6.80	0.00	UNIVERSAL ELEC:	22.55	0.00
LODGENET:	6.86	0.10	VONAGE:	1.62	0.04
NEW FRONTIER:	2.02	0.01	YAHOO:	18.38	(0.01)
PLAYBOY:	4.22	0.00	TELCOS		
RHI:	0.39	0.02	AT&T:	26.66	0.28
SCRIPPS INT:	44.17	0.62	QWEST:	5.18	(0.14)
TIME WARNER:	33.17	0.46	VERIZON:	29.76	0.03
VALUEVISION:	3.15	(0.14)	MARKET INDICES		
VIACOM:	39.33	0.91	DOW:	11117.06	25.01
WWE:	18.25	0.69	NASDAQ:	2500.31	20.20
TECHNOLOGY					
ADC:	8.22	0.12			
ADDVANTAGE:	2.34	0.03			
ALCATEL LUCENT:	3.35	0.06			
AMDOCS:	30.91	0.43			
AMPHENOL:	47.44	3.42			
AOL:	28.09	1.00			

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EYE ON ADVERTISING

Going Holistic

Yes, it is possible for a cable network to reach advertising nirvana. Just ask *Evan Shapiro*, president of **IFC** and **Sundance Channel**. Shapiro's team has been pioneering holistic marketing solutions for clients for more than five years, and are now in the plum position of being picky about which advertisers get to connect with their audience. Shapiro talks with contributor *Cathy Applefeld Olson* about selectivity, flexibility and the importance of staying true to your brand.

What are advertisers looking for from your networks today?

ES: We create an experience for all clients where whatever we produce for them is incorporated into the overall media package. We are not worried about receiving 10,000 invoices from the network. It's all part of one holistic package. We make it turnkey.

Sundance has been running sponsored programming and events for several years now. Can you provide some specific examples?

ES: Whether it's creating a half-hour documentary for Porsche or the Chase Tastemaker series or what we did with Honda at the Festival this year, clients are involved from the outset. They approve the storyboards, but they don't have to kill themselves to get this done. The nimbleness we bring to the table is a big differentiator.

Can you talk us through the Honda sponsorship?

ES: We did what we call a "surround sound" experience. Honda is a sponsor of Sundance Channel and for the first time this year, and the history of the festival, we created a series of short documentaries [commercials] which appeared on screen before film screenings. They also played on air, and on demand, and we took Honda's Power of Dreams interviews and put them all over the digital platform. We created the experience of activation in Park City and spread them out across the digital divide. There are lots of brands shipping their pennies to

Park City, but most of that value is left on the snow and not merchandised out to the real world. We created a bubble experience for viewers.

There clearly is a good deal of selectivity on the part of IFC and Sundance.

ES: We used one brand partner to introduce "Arrested Development" on IFC. And the audience just doesn't like the show; they applaud the sponsor—Palm Pixie—for bringing them the show. Same for Infiniti and "Spectacle" [the Sundance music series]. What we saw in the blogosphere was not just, 'Thank you Sundance, but thank you Infiniti, for bringing Bruce Springsteen and Bono and Sting to this environment.'

That's certainly unusual for viewers to thank an advertiser...

ES: And when we choose the sponsor that's lucky enough to associate itself with "The Onion News Network" in Q1 next year, that will be another example. We're holding a beauty pageant. There's a pent-up demand, millions of young men who are impossible to reach who are going to go nuts for this show. And because we have a powerhouse here, we can be very selective with who we bring on.

So there'll be one sponsor for "The Onion"?

ES: We may take a few, but the key is we are only talking to brands that make sense. We will not allow in those that don't fit in with that cool factor. We have too much credibility, and we aren't going to squander that. We have one chance to really legitimize this thing on TV.

You feel you've earned the credibility?

ES: Yes, but you have to keep earning it. There are a lot of networks that started where we are, attracting a specific audience, then decided they needed to be a more general entertainment network. They may bring in more sponsors and more eyeballs, but they've joined the herd—and they get lost. Cable operators don't like the herd. They like the networks that stay specialized.



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- Drama
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- Faith Based/Religious
- Fitness/Health
- Food
- Music
- News
- Public Affairs
- Reality/Game Show
- Sci Fi
- Sports

- Talk Shows
- Best Regional Program
- Other: enter your best in a genre not mentioned above

By Genre: Best Actor/Actress/Host In The Following Genres

- Animals/Nature
- Comedy
- Drama
- Family Friendly
- Food
- Music
- News/Public Affairs
- Reality/Game Show
- Sports

- Talk Shows
- Best Regional Program
- Other: enter your best in a genre not mentioned above

Special Categories:

- Best Opening Sequence
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- Best Online-Only/Mobile-Only Show
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