

CableFAX Daily™

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What the Industry Reads First

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Picking Cherries: Motorola's Terayon Play Could Bolster Cable Offerings

With **Motorola's** announcement that it will buy **Terayon** for approx \$140mln in cash, Moto hopes to bolster its end-to-end strategy and keep competitors at bay. Terayon's tech, including its well-regarded "CherryPicker" line of digital video processing wares, gives Motorola a much-needed foothold, as Terayon has already deployed some 7800 CherryPickers and related equipment. Motorola's move on Terayon may be not a moment too soon. Earlier this year, **Ericsson** won a heated bidding war against **Arris** to buy **Tandberg TV (Cfax, 2/27)** as the Swedish firm moves to put itself on more even footing with Motorola and **Cisco** in the cable space (Ericsson just got regulatory approval Mon). Cisco has been on a cable-vendor buying binge of its own over the last 2 years, most notably with its acquisition of Scientific-Atlanta. Cable operators are actually driving much of the vendor consolidation. "The ability to personalize content delivery is becoming increasingly important to service providers, and this acquisition may give Motorola capabilities that heretofore were not in their product portfolio," said **BusinessEdge Solutions' Bruno Codispoti**. Many MSOs see dynamic ad insertion as vital to the success of VOD, and "the ability to brand this content and target ads for this content in a better way has been a challenge for cable operators," says **Barbara Bickham**, pres of L.A.-based **TechGenii**, which advises on new media and interactive strategies. "With the acquisition of Terayon, [Motorola's] set-top box now also becomes an advertising engine." And by filling that gap in its portfolio, Motorola also "builds upon its competitive offering against Cisco," said **Jefferies & Co.** in a client note. Terayon's overall expertise in digital ad insertion, regional/local channel branding and video processing at the network's "edge" are among assets Motorola could exploit, Jefferies said. **Dan Moloney**, pres, Motorola Connected Home Solutions, said the deal should help Motorola serve operators "looking for a digital video core that will maximize bandwidth and enable the delivery of revenue-generating services." Terayon's assets would become part of Moloney's division if the deal goes through as expected in the 2nd or 3rd quarter of 2007.

CableCARD Shortage, cont: Looks like there was a little more to that **RCN** customer who complained to the **FCC** about the overbuilder's inability to supply him with a CableCARD late last month (**Cfax, 4/23**). **David Yoffie** is also a member of the board for **Intel**, which filed an opposition to **Comcast's** July 1 waiver request last year. **Comm Daily** 1st reported the connection. In a letter earlier this month, Yoffie asked FCC chmn **Kevin Martin** to deny RCN's waiver to the set-top integration ban (he did not mention his Intel link). In another letter last week, **Seth Greenstein**, an attorney who says he works on issues involving content protection and cable service, also cited the card shortage and called on the FCC to deny RCN's waiver request. Calling Greenstein a long-standing representative of CE industry interests, RCN responded Fri by telling the FCC that his letter goes "well beyond a customer complaint," noting that he quizzed CSRs on the technical 1394 interface. "Given his recital of the ensuing conversation, we begin to think that the electronics industry must be getting very worried that the FCC will grant our limited waiver

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 M-Su 8-11pm, 1/1/07-4/1/07, 12/26/05-3/26/06, A18-49 (000), most current data.

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request if its representative needs to resort to testing our customer service department's knowledge of international standards interface terminology," *Richard Ramlall*, RCN's svp, strategic and external affairs, said Mon.

Break Out the High-Speed: That was quick. At presstime, the AP was reporting that the **Federal Trade Commission** has approved **Comcast's** acquisition of online movie ticket site **Fandango** (*Cfax*, 4/12).

Wireless World: **Time Warner Cable** is rolling out wireless phone to its 6th city, San Antonio, according to the MSO's Website. On Sun, the MSO announced that Kansas City would be its 5th market for the **Pivot** wireless service. TW also offers Pivot in Raleigh, NC, Austin, TX, Cincinnati and Dayton, OH. Meanwhile, **Comcast** is expanding its co-branded **Sprint** wireless service in New England. Starting this week, its Pivot service will be available in more than 270 communities stretching from Cape Cod to Southern NH—more than tripling the number of New Englanders with access to the quad play. In addition, Pivot will for the 1st time deliver local video content from Boston NBC affil WHDH.

At the Portals: **The Media Access Project** released 2 studies Mon that claim cable ops, **AT&T Wireless**, **T-Mobile** and others deliberately and successfully blocked **DirectTV** and **EchoStar** and other potentially "disruptive" new entrants from winning licenses in the FCC's Aug wireless spectrum auction. The studies also claim that some bidders used retaliatory bidding to divide licenses among themselves and reduce the price they paid. MAP and others wanted anonymous bidding for the wireless auction, arguing that it would prevent such practices.

Competition: **Verizon** is adding 3 HD channels—**HGTV**, **Food** and **LMN**—to its national lineup by the end of the week. The move puts the number of HD channels available in most **FiOS** markets at 27. The telco also made its FiOS TV service available to some 4100 homes in Newport News, VA, (**Cox** territory) Mon.

On the Hill: With the Sen Commerce Cmte slated to hold a hearing Tues morning on how the US measures up when it comes to broadband, **NCTA's Kyle McSlarrow** is reminding members that America's 49mln broadband subs is the most of any country in the world. He also wants them to keep in mind geography and population concentration when comparing the US to other countries' broadband penetration. In a letter to members of the Sen and House Commerce Committees Tues, McSlarrow reiterated the cable industry's \$110bln investment over the last decade. He then went on to support tax credits to providers that build out to rural, unserved areas; a permanent moratorium on Internet access taxes and unfair taxes on electronic commerce; and public-private partnerships to provide broadband in unserved areas. McSlarrow called for reform of the RUS broadband loan program so funding goes to areas not served by broadband and said any USF money tied to broadband should go to unserved areas.

Intl Flavor: **Cox N VA** is launching a free intl programming tier to all digital subs in Fairfax County and the Fredericksburg region. The new Intl Tier will initially include Korean programmers **tvK**, **WKTV** and **Korea 1**; Pan-Asian programmer **ImaginAsian**; Chinese channel **CCTV-4**; and 8 MHz networks with Russian, Dutch and French content.

Free Ride: Spanish-based start-up **FON** struck with **Time Warner Cable** a pact allowing the MSO's HSD subs to turn their connections into public wireless hotspots through FON. ISPs in the US have previously resisted such arrangements as it has the potential to cannibalize their service. The FON pact lets TW residential subs turn their connections into a free hotspot for FON members. Non-FON members can access the connection for \$3/day—FON and TW would split those revenues. FON Membership requires buying a \$40 FON router and then sharing your Internet connection.



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BUSINESS & FINANCE

Technology: Pace integrated its newest set-tops, the "Tahoe TDC775" and "Vegas "TDC575," with **Tandberg TV's** OpenStream digital services platform for VOD. - **Zodiac Interactive** and **Skyworks Technologies** will jointly design, develop and deploy dual-platform advertising-supported video games for online and set-tops.

Sports Shuffle: **SportsNet NY** promoted *Steve Raab* to pres, effective May 1. He succeeds *Jon Litner*, who was recently upped to pres **Comcast SportsNet**. Litner also announced Mon that he's promoting *Stephanie Lafair Smith* to pres **Comcast SportsNet Philly** and *Jim Corno* to pres, **Comcast SportsNet Chicago**.

Launch Pad: **ITVI**, which describes itself as a 24/7 multicultural entertainment net, is testing its satellite signal this week and plans an official May 1 launch. The net, which targets 18-45, Latino Americans, Asian Americans and African Americans, is offering its signal free on Galaxy 3C.

People: *Andra Shapiro* and *George Cheeks* were upped to evp, business affairs and co-genl counsel for **MTVN**.

Business/Finance: **Ericsson** got the regulatory OK for its \$1.4bln deal to acquire all outstanding shares in **Tandberg TV**. Settlement for shares submitted in the voluntary public cash offer is expected to take place on Wed.

CableFAX Daily Stockwatch

Company	04/23 Close	1-Day Ch	Company	04/23 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	46.21	(0.06)	ALCATEL LUCENT:	12.57	(0.06)
DIRECTV:	24.02	(0.08)	AMDOCS:	37.75	(0.16)
DISNEY:	35.08	(0.2)	AMPHENOL:	35.50	(0.67)
ECHOSTAR:	46.57	(0.3)	APPLE:	93.51	2.54
GE:	34.80	(0.33)	ARRIS GROUP:	14.76	(0.38)
HEARST-ARGYLE:	27.51	(0.07)	AVID TECH:	37.72	0.69
ION MEDIA:	1.26	(0.01)	BLNDER TONGUE:	1.90	(0.01)
NEWS CORP:	24.87	(0.03)	BROADCOM:	32.94	(0.28)
TRIBUNE:	32.49	0.24	C-COR:	13.44	(0.26)
MSOS					
CABLEVISION:	32.84	0.15	CISCO:	26.58	(0.41)
CHARTER:	3.37	0.06	COMMSCOPE:	44.62	0.00
COMCAST:	27.65	(0.26)	CONCURRENT:	1.45	(0.02)
COMCAST SPCL:	27.06	(0.3)	CONVERGYS:	27.01	0.05
GCI:	15.05	0.06	CSG SYSTEMS:	25.55	(0.46)
KNOLOGY:	17.10	(0.18)	GEMSTAR TVG:	4.49	(0.11)
LIBERTY CAPITAL:	116.76	(1.42)	GOOGLE:	479.08	(3.4)
LIBERTY GLOBAL:	35.07	0.07	HARMONIC:	10.19	(0.15)
LIBERTY INTERACTIVE:	24.76	0.60	JDSU:	15.75	(0.05)
MEDIACOM:	8.92	(0.08)	LEVEL 3:	6.06	(0.06)
NTL:	28.22	0.00	MICROSOFT:	28.78	(0.24)
ROGERS COMM:	38.15	0.74	MOTOROLA:	17.89	(0.32)
SHAW COMM:	39.37	(0.03)	NDS:	51.59	(0.8)
TELEWEST:	24.20	0.00	NORTEL:	23.58	(0.24)
TIME WARNER CABLE:	37.87	(0.68)	OPENTV:	2.46	(0.02)
WASH POST:	748.71	(5.69)	PHILIPS:	42.12	(0.25)
PROGRAMMING					
CBS:	31.72	0.01	RENTRAK:	14.70	(0.1)
CROWN:	5.96	(0.3)	SEACHANGE:	8.84	(0.17)
DISCOVERY:	20.93	(0.24)	SONY:	54.77	0.10
EW SCRIPPS:	45.25	(0.18)	SPRINT NEXTEL:	20.04	(0.4)
GRUPO TELEVISA:	29.58	(0.41)	THOMAS & BETTS:	53.43	0.08
INTERACTIVE CORP:	37.59	(0.89)	TIVO:	6.44	(0.11)
LIBERTY:	8.32	0.06	TOLLGRADE:	11.87	0.10
LODGENET:	32.66	(0.83)	UNIVERSAL ELEC:	27.93	(0.4)
NEW FRONTIER:	8.81	(0.1)	VONAGE:	2.89	(0.1)
OUTDOOR:	10.05	(0.04)	VYYO:	7.66	(0.19)
PLAYBOY:	9.93	0.01	WEBB SYS:	0.06	(0.03)
TIME WARNER:	20.88	0.16	WORLDGATE:	0.69	(0.03)
UNIVISION:	36.23	0.00	YAHOO:	27.88	0.42
VALUEVISION:	11.92	(0.17)	TELCOS		
VIACOM:	42.27	0.38	AT&T:	39.77	(0.1)
WWE:	17.00	0.13	QWEST:	8.94	0.06
TECHNOLOGY					
3COM:	4.20	(0.03)	VERIZON:	37.55	(0.36)
ADC:	18.85	0.68	MARKET INDICES		
ADVANTAGE:	4.20	0.16	DOW:	12919.40	(42.58)
			NASDAQ:	2523.67	(2.72)

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M.C. Antil's CableFolks

Steinfeld a True Cable Vet

Of all cable's rites of spring, few are more predictable—and, yes, welcome—as the parade of B, C and D-list paid celebrity pitchmen on the exhibit floor of the annual Cable Show. Each will have been paid or contracted to spend an hour or two trading autographs, photos and/or small talk in exchange for tiny dollops of operator good will.

Occasionally, some with an equity stake in a network will, more awkwardly than not, even attempt to talk cable with an operator. Theirs is the perfect network to launch, they'll tell the operator. The marketplace is ripe for content targeting their particular micro-niche, and any operator would be foolish to pass on the one network that will save them from financial ruin and the dreaded fires of eternal damnation.

With that in mind, should you cross paths with Jake Steinfeld at this year's show—that's Jake Steinfeld as in "Body by Jake"—I caution you not to simply roll your eyes and lump him in with the rest of the celebrity hired guns.

Jake is no mere hired gun. Jake is cable, through and through. You might even call him an insider's insider. In fact, given this publication's broad readership, there's a good chance Jake is more cable than you are. And there's an even better chance he's been at this longer than you.

Jake was in cable when Ted Turner was in cable. In fact, it was Ted who first hired Jake as the in-house fitness guy at CNN. Jake not only remembers when Flip Spiceland was a young weatherman on a young, struggling network; he will tell you that, following his weather reports, it was Flip who would toss it to Jake for his exercise and fitness segments.

Jake is so cable he remembers when there was such a thing as the Cable ACE Awards. In fact, he remembers when they were simply the ACE Awards. And the rea-



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son he remembers that is because he and the other icon of 80's pop culture, Dr. Ruth, actually co-hosted the very first ceremony.

Jake is so cable he remembers Syndex and the Copyright Royalty Tribunal, and is so cable he can also recite chapter and verse on how they forever changed the future of programming.

Jake not only knows how to pronounce acronyms like NCTA, CTAM and CAB, he actually knows what they mean.

Think Jake's just a hired gun? How many hired guns can tell you that Mike Willner is CEO of Insight, or that Brian Roberts is the CEO of Comcast? And how many of this year's hired guns will be on a first-name basis with Roberts?

Steinfeld, who years ago started an analog channel (FIT TV) and cashed out royally, is back in full-frontal launch mode; this time with Exercisetv, a VOD fitness network.

And unlike some programmers who consider VOD and the digital netherworld as the cable equivalent of Siberia, Jake is jazzed by VOD. He understands on so many levels how health and fitness programming—much like cooking, home improvement and lifestyle fare—is rife with potential for marketers, advertisers and programmers who want to explore innovative ways of bringing together product messaging and content.

Steinfeld, who lists Comcast and Time Warner Cable among his equity partners, and who is much wiser this time around the industry, now thinks of the annual NCTA convention as something of a class reunion. "I am really looking forward to the Cable Show," the ever-positive Steinfeld told me via phone last week. "Not only will it be a great opportunity to talk to people about Exercisetv, it will give me a chance to catch up with a lot of my friends in cable—friends I've known for a long, long time."

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