

CableFAX Daily™

Thursday — April 28, 2011

What the Industry Reads First

Volume 22 / No. 081

All Dressed Up: Comcast VOD Set to Offer Current Shows From Entire Big 4

iPads are sexy, cable VOD is not. But **Comcast** believes it has given the platform a compelling makeover of sorts by adding access to top-rated current TV series from **ABC** and **Fox** to become the 1st pay TV provider to feature all 4 major broadcasters on demand. "We've been working very hard to give consumers the content they're most interested in on their own terms," said svp/gm, video services *Marcien Jenkins*. "There's a huge amount of demand for this content." Beginning Thurs, Comcast will offer 6 series from ABC such as "Grey's Anatomy" and "Desperate Housewives," plus 15 from Fox including "Glee" and "The Simpsons"—all available for free the day after linear debut and with fast forward functionality disabled. The MSO's platform already offers 15 **CBS** shows and more than 25 from **NBC**, many of which were offered even before the Comcast-NBCU merger. 2 aspects of Comcast VOD contributed to what Jenkins said became an easy sell to ABC and Fox. "Volume is one piece of it," he said, noting that the platform delivers approx 350mln views/month, with TV shows now the most popular VOD category by far. Also important is Comcast's infrastructure, which allows programmers to employ various business models for their content, said Jenkins. Dynamic ad insertion is gaining speed, for example, and VOD ad inventory can be used to drive live tune-ins. Later this year, Comcast will launch a transactional model whereby customers will be able to buy entire seasons of shows. "Everybody is looking at the platform slightly differently," said Jenkins. Both ABC and Fox are looking to further monetize their content through advertising (no fast forwarding helps), he said, and Fox specifically wants to pad its series' C3 viewership numbers through VOD viewing. In that instance, **Nielsen** requires the ad load to be the same across platforms. Where customers are concerned, Jenkins underscored content currency as a critical component to on demand success, and not surprisingly pointed out how many OTT plays such as **Netflix** can't match that element. Come Thurs, Comcast VOD will offer 32 of the 50 highest-rated broadcast shows, the goal being to eventually offer all 50. "Our vision is re-invented TV," said Jenkins.

USF: The **FCC** held its 2nd USF workshop Wed, which cemented the fact that universal service is complicated stuff. **Verizon** and **Cox** spoke out in favor of a reverse auction process during one panel, while **US Cellular's Grant Spellmeyer** argued against them, saying they don't encourage multiple providers to enter a market. His company supports the use of 2 separate funds in the Connect America Fund for broadband—1 for mobile and 1 for fixed broadband. **ACA** vp, govt affairs *Ross Lieberman* said what makes reverse auctions successful are their objectivity, complaining that the 1st round grant/loan process for **NTIA** and **RUS** broadband funding was a "beauty contest" that resulted in ACA members not participating in the 2nd round because they didn't feel it's fair. Cox exec dir, regulatory affairs *Jose Jimenez* said it was imperative for the **FCC** to clearly define obligations for bidders, including requiring them to extend service to housing units or businesses that are built within a reasonable distance after the winning bid without additional subsidies. Jimenez also stressed that everyone will not get broadband service immediately. "We are going to get there eventually," he said. "To think we'll do it all at once is not reasonable, but hopefully over



FRIENDS YOU LOVE
Ranked #1 for most-liked personalities
10 years in a row.

scrippsnetworks

Passionate Viewers Live Here

Source: Beta Research Brand Identity Study, 2009-2011. Ranked among Viewers' Top 10 that "very much" describe the network as "having hosts/on-air personalities they like."

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefaxdaily.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 ● Senior Online Editor: Chad Heiges, 301.354.1828, cheiges@accessintel.com ● Asst VP, Ed Director: Seth Arenstein, 301/354-1782, sarenstein@accessintel.com ● Publisher: Debbie Vodenos, 301.354-1695, dvodenos@accessintel.com ● Assoc Publisher: Amy Abbey, 301.354.1629, aabbey@accessintel.com ● Marketing Dir: Carol Brault, 301.354.1763, cbrault@accessintel.com ● Prod: Joann Fato, 301.354.1681, cdaily@accessintel.com ● Diane Schwartz/VP and Group Publisher ● Subs/Client Services: 301.354.2101, fax 301.309.3847 ● Group Subs: Carol Brault, 301.354.1763, cbrault@accessintel.com

a period of a few years, we'll cover everyone or just about everyone." Lieberman made a case for raising the FCC's minimum speed threshold for broadband universal service from 4Mbps downstream and 1Mbps upstream to 16/4. "It doesn't seem to be the right approach to say 4/1 when know in 11 yrs that it's not going to be sufficient and it may involve the FCC putting more money back in," he said. On the other hand, Jimenez said there may be times when no bidders will be willing to offer 4/1 because of the costs. "Then we think it's probably important for the Commission to look if there's level below that could meet broadband needs for customers," he said.

Technology: Epix will roll out in the coming weeks and throughout 2Q a series of free apps allowing authenticated subs to stream the premium net's movie offerings across more than 100 devices, including mobile phones, Web-connected TVs and Blu-ray players. **FiOS TV** has agreed to offer the apps to its customers. Epix is also working with distributors to expand its sub base by offering free movie trailers, interviews and short-form video to all consumers through the apps, and movie fans will gain free access for a limited time to Epix movies and original programs.

At the Portals: Public interest groups, including **Free Press** and **Public Knowledge**, are asking the FCC to combine review of **AT&T's** \$39bn **T-Mobile** deal and \$1.9bn purchase of **Qualcomm** to "properly assess the joint impact of both transactions on the wireless market." A similar filing was made by companies, including **Sprint** and **Cincinnati Bell**.

Programming: Lifetime entered into a multi-project development deal with *Demi Moore* that includes the pick-up of interview series "The Conversation," hosted by British TV personality *Amanda de Cadenet*. Moore's an exec producer of the hour-long series, which is based on de Cadenet's Web series. Moore is also developing 2 scripted dramas for Lifetime that she will exec produce. -- **Spike TV** has picked up a 3rd season of original scripted comedy series, "Blue Mountain State." -- **VH1's** "Single Ladies" (June 6) marks the net's initial foray into hour-long scripted series fare as a romantic comedy about 3 best friends with different philosophies on sex and relationships. -- **TV Guide Net** announced 3 new series in dev, including "Gossip Cop," based on the eponymous Website featuring celebrity dirt, a show pitched as an insider's guide to the biggest television shows, movies and celebrities, and one that will take a comedic look back at the week in celebrity fashion.

Online: EspnW unveils an enhanced Website (espn.W.com) Tues, expanding the women's sports site from a blog format to a more robust online presence. The revamped site will include more news and features, as well as an expanded training section designed to help athletes achieve their goals. The site bowed in Dec with founding partners Nike and Gatorade. -- **CBSSports.com's** kicking off 1st-round **NFL** draft coverage Thurs night beginning at 7pm ET and lasting through the round's final pick.

Honors: Babson College will induct **Comcast** chmn/CEO *Brian Roberts* and chmn emeritus *Ralph Roberts* into its Academy of Distinguished Entrepreneurs during a Thurs celebration. -- **The Broadband Cable Assoc of PA** presented its 1st President's Award to *Mark Romano*, **Outdoor Channel's** vp, affil sales & marketing Eastern div. The award honors an employee of a BCAP member company who has contributed significantly to the development and success of the organization's programs and events.

On the Circuit: ACC will host a reception May 5 from 6:30-8:30pm open to all NYC metro area members and those attending its Cable Communications Institute. **AETN** is sponsoring the reception at its HQ on Eighth Ave.

The **CableFAXIES**
awards



AND



AWARDS BREAKFAST May 12, 2011 8:30 – 10:30am Grand Hyatt, NYC

Join CableFAX for the CableFAXIES, Sales Executive of the Year and Sweet 16 Awards breakfast as we salute the industry's top campaigns & executives in Sales and Marketing.

Register today at: www.cablefax.com/events

Questions: Saun Sayamongkhun at saun@accessintel.com or 301.354.1694

Advertising & Sponsorships:
Debbie Vodenos; 301.354.1695;
dvodenos@accessintel.com

Amy Abbey; 301.354.1629;
aabbey@accessintel.com

CableFAX Daily Mid-Day Report
Sales and Marketing
Leadership Issue

Ad Close: May 1
Artwork: May 4

CableFAX Daily™

WHAT THE INDUSTRY READS FIRST

Every business day for over 20 years, CableFAX Daily has been bringing the industry the day's vital business and regulatory updates. We sum up the day's most pressing news as well as the strategic initiatives that are driving our dynamic cable industry forward. Our long history and deep reach within the cable sector, enables us to get the core information you need to stay on top of your industry and run your business with immediate market knowledge.

Each day in CableFAX Daily you'll get latest on:

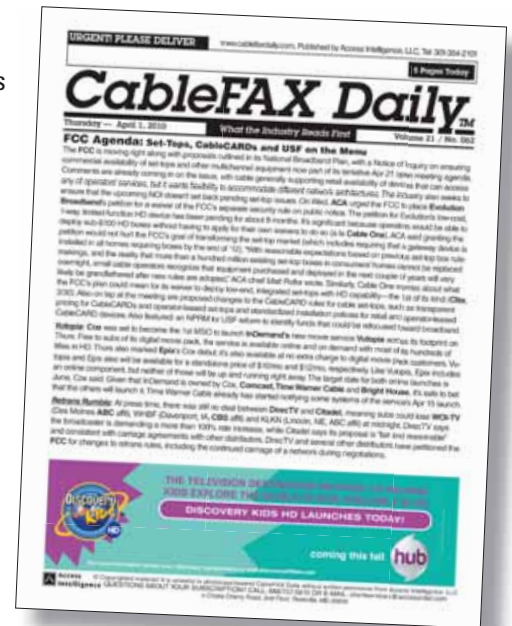
- ▶ **Regulation & the Courts** – what you must know and how it affects you
- ▶ **Telco-Cable Competition** – the latest in the battle for voice, data and video customers
- ▶ **HDTV** – carriage agreements, programming, competition from the telcos and DBS
- ▶ **Mobile platforms** – the deals, marketing, and who's doing what
- ▶ **Business & Finance** – M&A activity, stock charts, partnerships, investments, & more
- ▶ **Programming & Ratings** – launches, partnerships, winners & losers, opportunities
- ▶ **Plus, new media, digital doings, VOD and much more...**

And you'll get these regular columns:

- ▶ "Eye on Innovation"
- ▶ "Eye on Advertising"
- ▶ "Think About This for a Minute" by Steve Effros
- ▶ "Programmer's Page" by Chad Heiges and Seth Arenstein
- ▶ Stockwatch
- ▶ Week in Review

As a subscriber, you will also receive:

- ▶ Late-breaking subscriber-only news alerts that immediately alert you to critical industry happenings as soon as news is released.
- ▶ Access to CableFAX Daily archives, industry research and data on www.cablefaxdaily.com.



**Subscribe now to CableFAX Daily, and get \$200 off a 1 year subscription.
That's 249 issues for only \$1,095.**

CableFAX Daily will be delivered to you via email in PDF format.

Name: _____
Title: _____
Company: _____
Mailing Address: _____
City: _____ State: _____ Zip: _____
Phone Number: _____
*Email: _____
(required for delivery of issues)

Important Money-Back Guarantee:

If you are ever dissatisfied with your subscription, you may cancel at any time and receive a refund for all unmailed issues.

Please fax form to 301-309-3847, or phone 1-888-707-5808 to speak with a customer service representative.

**Multi-user and site license subscriptions are also available. Please contact Carol Brault for custom pricing:
301-354-1763 or cbrault@accessintel.com**

BUSINESS & FINANCE

ACC extended its early-bird tuition rate (\$2100) through the end of the week for the Institute. Register at cablecommunicators.org. -- The **CTAM Educational Foundation** board elected the following new directors: **Time Warner Cable** evp *Carol Hevey*, **Fox Networks Group** pres, affil sales and marketing *Mike Hopkins*, **Suddenlink** evp/chief operations officer *Tom McMillin*, **BETN** pres/COO *Scott Mills* and **Starz Ent** pres/COO *Bill Myers*. -- **Xerox** chmn/CEO *Ursula Burns* will deliver a keynote speech on Oct 4 to open the 2nd day of the **WICT Leadership Conference** in NYC.

People: *Tim Burke*, formerly of **Arthur Andersen**, was named pres, **Jones/NCTI**. -- *Maryanne Culpeper* was named pres, **Nat Geo TV**.

Business/Finance: **DISH** completed its acquisition of substantially all of the assets of **Blockbuster**. -- **CenturyLink** agreed to acquire all the outstanding common shares of cloud computing firm **Savvis** in a cash and stock merger valued at \$40/share, or approx \$2.5bln, plus net debt of approximately \$700mln that will be assumed or refinanced at close. Together, CenturyLink and Savvis will operate 48 data centers located in North America, Europe and Asia. -- **Travel Channel** invested \$7.5mln in **Oyster.com**, a start-up that reviews hotels and earns money on each room reservation it helps make.

CableFAX Daily Stockwatch

Company	04/27 Close	1-Day Ch	Company	04/27 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	47.89	0.63	BLNDER TONGUE:	2.31	0.04
DISH:	24.57	0.15	BROADCOM:	35.45	(4.96)
DISNEY:	42.58	0.25	CISCO:	17.19	(0.33)
GE:	20.65	0.55	CLEARWIRE:	5.06	(0.28)
NEWS CORP:	18.88	0.06	CONCURRENT:	5.87	UNCH
MSOS					
CABLEVISION:	34.80	(0.14)	CONVERGYS:	14.25	0.07
CHARTER:	56.12	0.84	CSG SYSTEMS:	20.86	0.25
COMCAST:	25.84	0.25	ECHOSTAR:	37.25	0.37
COMCAST SPCL:	24.20	0.20	GOOGLE:	537.76	4.94
GCI:	11.62	0.42	HARMONIC:	9.28	(0.08)
KNOLOGY:	15.29	0.37	INTEL:	22.63	0.15
LIBERTY CAPITAL:	79.40	1.31	JDSU:	20.95	1.20
LIBERTY GLOBAL:	45.87	0.73	LEVEL 3:	1.62	(0.01)
LIBERTY INT:	16.66	0.11	MICROSOFT:	26.38	0.19
SHAW COMM:	20.85	0.08	RENTRAK:	22.47	(0.14)
TIME WARNER CABLE:	75.31	0.35	SEACHANGE:	10.60	0.02
VIRGIN MEDIA:	30.16	0.14	SONY:	29.03	(0.76)
WASH POST:	439.43	9.89	SPRINT NEXTEL:	4.79	(0.02)
PROGRAMMING					
CBS:	24.88	0.22	THOMAS & BETTS:	58.22	0.13
CROWN:	2.26	(0.02)	TIVO:	9.67	(0.05)
DISCOVERY:	42.39	0.93	TOLLGRADE:	10.08	0.02
GRUPO TELEVISA:	23.76	0.21	UNIVERSAL ELEC:	28.15	(0.55)
HSN:	32.57	0.31	VONAGE:	5.18	(0.07)
INTERACTIVE CORP:	34.50	0.76	YAHOO:	17.26	(0.02)
LIBERTY:	43.29	0.07	TELCOS		
LIBERTY STARZ:	76.35	0.19	AT&T:	31.42	0.48
LIONSGATE:	6.40	UNCH	VERIZON:	38.25	0.62
LODGENET:	3.33	(0.15)	MARKET INDICES		
NEW FRONTIER:	1.79	0.03	DOW:	12690.96	95.59
OUTDOOR:	7.27	0.09	NASDAQ:	2869.88	22.34
SCRIPPS INT:	49.80	0.17	S&P 500:	1355.66	8.42
TIME WARNER:	36.77	(0.12)			
VALUEVISION:	5.81	UNCH			
VIACOM:	56.03	0.50			
WWE:	11.32	(0.21)			
TECHNOLOGY					
ADDVANTAGE:	3.10	0.01			
ALCATEL LUCENT:	6.51	0.19			
AMDOCS:	30.27	(0.19)			
AMPHENOL:	56.08	0.48			
AOL:	20.11	0.04			
APPLE:	350.15	(0.27)			
ARRIS GROUP:	12.99	0.19			
AVID TECH:	18.31	(0.2)			
BIGBAND:	2.52	UNCH			

Register NOW!

June 14, 2011
Chicago, IL

www.cablecenter.org

Cable Hall of Fame

THANKS TO OUR SPONSORS


FUTURE HALL OF FAMER EDUCATION SPONSOR


PROGRAM SPONSOR


CENTERPIECE SPONSOR

TABLE HOSTS

www.cablefax.com















HONOREES

Maria Bartiromo

Jeff Bewkes

Rocco B. Commisso

Jim Gray

Paul Kagan

Timothy E. Wirth





Think about that for a minute...

Conversion

By Steve Effros

This week's headline; Netflix is about to have more video subs than Comcast. But as I've noted before, that's not really a meaningful comparison. Netflix still hasn't caught up with HBO, and that's who they're really competing with. Add Showtime's numbers and the rest and you see a more accurate picture. Netflix is primarily a movie distribution business, and its now getting into series and original production. But no one would confuse the quality of what



Netflix is offering with the multiple, and consistent award winning HBO. Regardless of these very impressive numbers, it has a long way to go.

Further, if you take a company like Comcast's total numbers of customers, that is, the ones who take video, add the ones who take broadband and the ones who

take telephone service, Netflix would have an even longer way to go!

This is not to take anything away from Netflix. It's done a great job of understanding its audience, recognizing the shifts in technology, and staying ahead of the curve in making sure it can continue to serve its customers as the technology changes without any significant effort or angst on the part of users. We could all learn from them.

It all started with an excellent reputation to begin with. Those little red envelopes came in the mail very quickly and very efficiently. They were ordered up through a "recommendation engine" and ordering site that worked flawlessly and was a major enabler for their customers. And when the time came to start shifting from physical delivery to streaming, they figured out how to do it well and with the least amount of pain for the customer. So it's no wonder that their service became "sticky," and as it moved from one platform to another, the customers easily moved as well.

But—and it's a big "but"—Netflix has achieved all this in the context of virtually no recognized competition! I'm chagrined to say this, but it's true. The video on demand movie services, or the "package" service like HBO delivering movies and series, much like Netflix, have not, until now (I hope) been perceived as essentially offering the same service. HBO was never seen as providing a "library" of movies that could be selected from. The VOD efforts were virtually all focused on promoting the "latest" movies at high prices, not also noting to customers that there was a whole host of other movies that could be selected at will.

To be sure, there are differences. The services we have offered don't have as deep a library as Netflix, and as I have often said, our navigation capability has been severely constrained by older technology. But all that is changing now. The libraries are getting deep, the navigation is improving, and the distribution to multiple screens is well on its way.

This is true not only for cable systems, but for our programming partners as well. The new "HBO-Go" offering, allowing me to see movies on my iPad as well as on my television screen is an important enhancement to the service and one that may convince me to continue paying a fee for one programmer that exceeds the cost of my monthly Netflix subscription.

That brings up the whole issue of cost. We have to think carefully about this. As the new world of high-level change and competition proceeds, do customers really know how many movies they watch a month? How much they are really paying? What the value proposition is? Along with service, that's where the conversion battle will ultimately play out.

Steve

T:202-630-2099
steve@effros.com

CableFAX

Join our Social Networking Groups!

Share ideas, connect with colleagues and be the first to hear about important industry events and deadlines.

www.cablefax.com

