

CableFAX Daily™

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What the Industry Reads First

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Cell Game: Cox Ready to Launch Wireless Phone

As everyone waits for the upcoming launch of **Cox's** wireless service, which includes mobile phones, it's worth asking if the MSO learned anything from the failed **Pivot** jv with **Sprint** and other MSOs. "Pivot in some ways was very educational," Cox CTO *Scott Hatfield* told **Cfax**. "We learned we really need to control the customer experience." That includes controlling package features and sales, which will happen at **Cox Solutions Stores**. The MSO has tested a product since Mar with friendlies in Hampton Roads, VA, and Omaha, NE, and since Apr in Orange County. Launches are expected in those initial markets in the next 2-3 months, with Cox's "Unbelievably Fair" (unbelievablyfair.com) marketing campaign already in place. Those first markets will occur through a Sprint MVNO (mobile virtual network operator), but Cox is working to build out its own network in some unnamed markets. Another difference: the explosion of apps that came with the **iPhone**. It's not as critical that Cox have x-y-z phones available because what people really want are the apps vs specific hardware, Hatfield said, noting that Cox will run **Google's Android** platform and have several phones available. "Because we can't have such a broad portfolio, we're very careful and selective in the devices we invest in," said Cox vp, wireless service *Stephen Bye*. No word yet on a pricing plans or launch specifics. As the MSO foresees opportunities in offering quad-play bundles, a couple points are worth noting. Cox currently counts more than 3mln phone lines, a total that has changed little since '08, and recent **CDC** data found that one-fourth of American homes (as of Dec 31) use only wireless phones while 15% have a landline yet receive almost all their calls via wireless. **GCI** of AK is perhaps the only US MSO offering wireless phone service directly. Its customer base is obviously much smaller than Cox's, GCI added 2,700 wireless subs in 1Q and has added approx 20K since the end of 1Q09 to count approx 128K currently. The MSO's wireless ARPU increased 5% sequentially, to \$60, and its percentage of total consumer rev derived from wireless has increased to 29% from 25% a yr ago. -- We also asked Hatfield about where Cox is in the transition to all-digital. Turns out there is a reason we haven't heard much about it. With Cox having upgraded to 1GB in many systems, it doesn't have the bandwidth reclamation needs that some other ops have. "We probably don't need to do DTAs," he said. So, the MSO is using switched digital and has a little more time to think about how it wants to proceed. Hatfield expects Cox to finish the year with more than 2/3 of its footprint with **DOCSIS 3.0**, up from a little over 50% now. Cox hasn't started a **TV Everywhere**-like trial yet, but it has done

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several things around authentication (such as **ESPN 360**, the exclusive **Olympics** Web content, etc). It's gearing up to aggressively promote the online offerings of **Epix** and new **InDemand** service **Vutopia** this summer.

Retrans: A petition for the **FCC** to overhaul retrans is getting some support from a somewhat surprising place—a programmer. **Retirement Living TV** filed comments Mon lending “strong support” to a petition by **Time Warner Cable**, **Cablevision**, **DISH** and others that calls for arbitration and guaranteed carriage during retrans negotiations. RLTV said nets not owned by or affiliated with major broadcast nets are at a “distinct disadvantage when competing for valuable ‘shelf space’ on MVPD systems.” Comments are due at the FCC Tues.

SCOTUS: It was not to be. The **Supreme Court** on Mon denied Cablevision’s request to review must carry. The petition stemmed from a Court of Appeals upholding must carry for home shopping net **WRNN** of Kingston, NY. “We continue to believe that WRNN—a shopping channel that moved its transmitter to reach our service area but has no local viewers—has manipulated the must-carry rules at our customers’ expense,” CVC said Mon, calling the rules “obsolete... in light of the vigorous competition and other market conditions that have developed over the last decade.” **NCTA**, **C-SPAN** and **Discovery** filed briefs in support of Cablevision’s petition seeking review of the constitutionality of must-carry rules. The Supreme Court upheld must carry on a 5-4 vote in 1997. For the court to have granted CVC’s request for review, 4 of the 9 Justices would have had to be for it. Of the 4 dissenters in ’97, 3 remain today (Justice *Sandra Day O’Connor* retired in ’06). NAB said the court’s decision validates its assertion that must-carry rules protect niche broadcast content.

Competition: **Verizon** is letting new Tampa **FIOS** subs pay for bundled services on a month-to-month basis with prices the same as those paid by contract subs guaranteed for 1 yr. Also, the telco now features a 30-day, risk-free guarantee period from the date of activation for new 2-yr contract customers, with no early termination fee during that time. -- **DirectTV** plans to launch local HD channels in 16 new markets beginning next month, its goal to provide such nets in 155 markets by Dec.

Upfronts: Ahead of its 1st upfront presentation and Oct 10th launch, **The Hub** announced specific programming blocks aimed at kids 2-5 (9am-1pm), kids 6-12 (1-6pm) and family prime (7-11pm). Its content slate features former **Animal Planet** show “Meerkat Manor” and the US premiere of “Strawberry Shortcake,” plus 6 original series such as “G.I. Joe Renegades,” “Pound Puppies” and “Family Game Night,” a live-action game show in which kids and adults play for prizes.

Programming: **ESPN** sources confirmed *SBJ*’s story that the net outbid **Fox Sports** for the TV rights to **ACC** football and men’s and women’s basketball through ’23, and noted particular Bristol bullishness on the pending deal’s inclusion of all platforms. As part of the pact, the net may also feature numerous other ACC sports while adding to a long-term rights slate that includes the **SEC**, **Big Ten** and **Big East**.

CableFAX Workshop 3.0

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Questions: Saun Sayamongkhun at saun@accessintel.com or 301-354-1610.



BUSINESS & FINANCE

Obit: Josh Jamison, pres of Charter's East Operating Group, passed away Mon morning of natural causes. He was 55. "Anyone who came in contact with Josh understood that he was special," said Charter pres/CEO Mike Lovett. "Josh's energy and enthusiasm for his family, our business, and life, were truly boundless." Funeral arrangements were pending in Newtown, CT.

People: Cox pres Pat Esser was elected chmn of NCTA's board during last week's Cable Show. Also elected: Time Warner Cable pres/CEO Glenn Britt as vice chmn; Comcast's Brian Roberts as treas; AETN's Abbe Raven as sec. Cablevision's Tom Rutledge is the immediate past chmn. Named to the exec committee were: Mediacom's Rocco Commisso, Viacom's Philippe Dauman, GCI's Ronald Duncan, Suddenlink's Jerry Kent, Charter's Mike Lovett, Advance/Newhouse's Bob Miron and Insight's Michael Willner. -- Ex-MTVN and Nick exec Herb Scannell is reportedly in final talks for the BBC Worldwide America presidency, reports an unsourced Deadline Hollywood story. A BBC rep said Mon, "the recruitment process continues." Garth Ancier left the job in Mar. -- Former Tennis Channel exec Eric Turpin joined Veria TV as exec dir, distribution. -- Bob Baskerville joined Scripps Nets Intl as gm. -- Tribune Co's national sales group Tribune365 upped Doug Thomas to evp/gm. -- AMC promoted Krista Sonne to vp, scheduling and program planning.

CableFAX Daily Stockwatch

Company	05/17 Close	1-Day Ch	Company	05/17 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	34.00	0.08	AOL:	23.94	0.15
DIRECTV:	38.25	0.91	APPLE:	254.22	0.40
DISH:	23.15	0.25	ARRIS GROUP:	11.71	0.04
DISNEY:	34.20	0.14	AVID TECH:	14.88	0.16
GE:	17.56	(0.08)	BIGBAND:	2.91	0.06
NEWS CORP:	16.45	0.06	BLNDER TONGUE:	1.31	(0.02)
MSOS					
CABLEVISION:	24.68	0.29	BROADCOM:	32.64	0.35
COMCAST:	18.10	0.50	CISCO:	24.87	(0.07)
COMCAST SPCL:	17.27	0.39	CLEARWIRE:	8.35	0.22
GCI:	6.26	0.12	COMMSCOPE:	28.81	(0.05)
KNOWLOGY:	13.30	0.31	CONCURRENT:	5.62	0.06
LIBERTY CAPITAL:	41.75	0.32	CONVERGYS:	11.74	0.09
LIBERTY GLOBAL:	25.60	0.10	CSG SYSTEMS:	22.29	(0.1)
LIBERTY INT:	13.04	(0.06)	ECHOSTAR:	20.55	0.10
MEDIACOM:	5.62	0.08	GOOGLE:	507.97	0.44
RCN:	14.38	(0.02)	HARMONIC:	5.84	0.11
SHAW COMM:	18.44	(0.13)	INTEL:	22.02	0.13
TIME WARNER CABLE:	52.47	0.87	JDSU:	11.68	(0.15)
VIRGIN MEDIA:	16.08	(0.07)	LEVEL 3:	1.32	0.07
WASH POST:	513.24	11.38	MICROSOFT:	28.94	0.01
PROGRAMMING					
CBS:	15.25	0.58	MOTOROLA:	6.85	0.06
CROWN:	1.80	(0.08)	PHILIPS:	31.38	0.39
DISCOVERY:	37.20	(0.29)	RENTRAK:	25.16	0.20
GRUPO TELEVISA:	18.85	(0.2)	SEACHANGE:	8.49	(0.11)
HSN:	26.55	0.11	SONY:	30.67	(0.52)
INTERACTIVE CORP:	23.10	0.51	SPRINT NEXTEL:	4.49	0.13
LIBERTY:	33.94	(0.16)	THOMAS & BETTS:	40.62	0.18
LIBERTY STARZ:	55.59	0.44	TIVO:	10.34	0.18
LIONSGATE:	6.54	(0.16)	TOLLGRADE:	6.43	(0.47)
LODGENET:	5.44	0.00	UNIVERSAL ELEC:	22.18	0.26
NEW FRONTIER:	1.87	(0.01)	VONAGE:	1.99	0.01
OUTDOOR:	6.41	(0.09)	YAHOO:	16.27	(0.12)
PLAYBOY:	4.42	0.17	TELCOS		
RHI:	0.22	0.00	AT&T:	25.77	0.37
SCRIPPS INT:	46.33	0.00	QWEST:	5.32	0.04
TIME WARNER:	30.63	0.07	VERIZON:	28.66	0.15
VALUEVISION:	2.79	0.18	MARKET INDICES		
VIACOM:	37.63	0.10	DOW:	10625.83	5.67
WWE:	17.27	0.49	NASDAQ:	2354.23	7.38
TECHNOLOGY					
ADC:	7.76	0.01			
ADDVANTAGE:	2.95	(0.05)			
ALCATEL LUCENT:	2.58	0.04			
AMDOCS:	31.09	0.47			
AMPHENOL:	44.81	0.81			

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EYE ON ADVERTISING

Down the Interactive Road...

Cable Show-goers got a glimpse of **Canoe's** interactive advertising platform and the consortium's plans to deliver dynamic VOD ads nationwide. Heads turned. The vision, it seems, is getting closer to reality. With that in mind, we thought we'd check in with **Ensequence**, which has been developing interactive content with networks from **NBC** to **History Channel** to **Showtime** and has some tangible experience with viewers and how they use interactive content. Ensequence pres/CEO **Peter Low** fills in contributor **Cathy Applefeld Olson** on how interactivity could change the game for cable.

So, how far down the interactive road are we really?

PL: There's a general mindset out there that no one wants to talk about things that are about to happen versus things that have happened. But the truth is—it's way more do-able today than people think.

Ensequence is developing interactive content to complement Showtime Sports' boxing coverage. Tell us about that.

PL: The Showtime boxing content is a great example of a really broad user experience. We created for and with them an interactive television experience that goes with all of their boxing events. It allows the customer to go deeper into the actual television experience to get a wide array of stats, fighter profiles, there's a polling element, a trivia game—all on the TV screen... It's the first national EBIF application to offer voting on the remote as opposed to with an 800 phone number, It's also the first EBIF application in HD, which is really cool.

How does what Ensequence is doing jibe with the advertising world?

PL: One of the complexities behind interactive TV is

you have to be able to juggle lots of advertisers over lots of different distributors and different networks. What Ensequence does is provide the interactive platform that allows the network to do that. To take a Pepsi ad and switch to a Coke ad or a car ad on the right network at the right time. The more scale there is, the more content there is, and the more networks that are at play, the more valuable Ensequence becomes.

How has your work with Showtime, and before that History Channel and other networks, helped you get a good handle on the way consumers use interactive content?

PL: From an advertiser perspective, interactivity enhances the content, and you create a higher level of viewer engagement and

substantially higher levels of content viewing. Generally speaking, to the extent that you have interactive content, the adoption rate is 20%—20% of people who have the option to go to the interactive content will use it, and they use it for 15 minutes at a time. That's based on our experience. This relates to advertising because it directly raises ratings with more people on a panel for longer. The other thing we can do is take the interactive content and bracket advertising pods with it, which encourages viewers to stay throughout the pod.

What, in the context of your conversations, makes an advertiser take the leap into interactive content?

PL: You'd be surprised at who is interested in doing something with interactivity and who is not. Here's what I've learned: Don't assume a company will act a certain way, and remember that the two things most important to an advertiser are scale and simplicity of use.

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



CableFAX PROGRAM AWARDS

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Sponsorship Opportunities: Debbie Vodenos at 301.354.1695 or dvodenos@accessintel.com
Entry Questions: Kate Schaeffer at 301.354.2303 or kschaeffer@accessintel.com

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