

CableFAX Daily™

Wednesday — June 11, 2008

What the Industry Reads First

Volume 19 / No. 112

DTV D-Day: Box Shortages, Confusion, Coupons Topics du Jour

Tues' **House Telecom** hearing had a more urgent feel than past inquiries. Chalk it up to constituents getting those **NTIA** converter box coupons and reporting back to members of Congress on their experiences. Plus, Feb 17 is now just 250-something days away. Said subcmte chmn **Ed Markey** (D-MA): "There's a direct correlation in the number of problems solved and the level of intensity you'll feel from this panel in the next hearing." As for problems, **Rep Charles Gonzalez** (D-TX) said coupon-eligible boxes that include analog pass-through are in short supply. **Rep Eliot Engel** (D-NY) complained some stores in his district had no boxes. **NTIA's Bernadette McGuire-Rivera** reported only anecdotal tales about unavailability and nothing from retailers. In fact, she described the converter box program's "happy quotient" as "pretty good." **NTIA** got about 100 complaints during a 2-month period, while receiving about 100K requests a day. Also troubling members were the latest **GAO** stats, which found that 45% of HHs at risk of losing their TV signal plan to do nothing or take inadequate actions for the transition. Other **GAO** findings: 55% of consumers reported awareness of the converter box program, while only 1/3 of those who said they would buy box knew how to obtain a coupon. **Markey** noted that the **GAO** found that 15% of consumers in the low-risk category (ie, they shouldn't need boxes) said they'll purchase one. **FCC** chmn **Kevin Martin** said many are still confused, but he also praised industry and govt efforts to educate consumers. As for the Sept 8 test transition in Wilmington, NC, he said he's anxious about it as well as the Feb 17 transition. "I'm anxious about both, but I do think that we'll be able to... learn some important lessons" from NC. **Rep Cliff Stearns** (R-FL) suggested that Jacksonville, FL, would be "willing" to be the next DTV test city. The **FCC** identified 7-8 markets as capable of pulling the analog plug early, including several in FL, but none volunteered, **Martin** said. The **FCC** chmn said he'd gladly work with Jacksonville if broadcasters are interested. Much of the same ground was covered Tues, but there did seem to be an increasing cry to allow consumers to reapply for **NTIA** coupons that expired before they used them.

Canoe Paddling: The worst-kept secret in cable is officially out, with former **Aegis Media Americas** CEO **David Verklin** being named as CEO of NYC-based **Canoe Ventures**—aka Project Canoe, the industry's jv to make advance advertising easier to buy, use and measure across cable. **Verklin** takes the job Aug 4, and will "drive the creation of shared processes and standards for more robust audience targeting, interactivity and measurement in multi-platform advertising across cable operators' systems throughout the country." **Verklin's** name was 1st reported by **Ad Age**, but the industry gave the official spoon-feeding to the **WSJ** Tues. **Comcast's Brian Roberts** at last month's **Cable Show** suggested that a CEO was on deck. **Verklin** was slated to speak at the show's closing general session but didn't show (reportedly because of a memorial service). **Verklin** told the **WSJ** that **Canoe** will license technology directly to programmers, instead of to marketers.

Deutsche Bank Notebook: **Verizon** is looking at the economics of possibly increasing its 18mln homes-passed target for **FIOS TV**, said pres/COO **Dennis Strigl**. "There may be upside for us in number of homes passed without changing the

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JUNE 23 - JULY 2
every night at 7:00pm ET

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.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 ● Assoc Editor, Chad Heiges, 301/354-1828, cheiges@accessintel.com ● Asst VP, Ed Director, Seth Arenstein, 301/354-1782, sarenstein@accessintel.com ● Publisher: Debbie Vodenos, 240/753-5696, dvodenos@accessintel.com ● Advertising Mgr: Erica Gottlieb, 212/621-4612 ● Marketer: Doreen Price, 301/354-1793, dprice@accessintel.com ● Marketing Director: Carol Bray, 301/354-1763, cbray@accessintel.com ● Prod: Joann Fato, 301/354-1681, cdaily@accessintel.com ● Diane Schwartz/VP and Group Publisher ● Paul Maxwell/Columnist.Subs/Client Services: 301/354-2101, fax 301/309-3847 ● Group Subs : Angela Gardner, 757/531-1369, cfaxgroupsub@accessintel.com

capital requirement," he said, noting growth opportunities in town-by-town movement and MDUs. The service's success in TX, where the telco enjoys more than 40% penetration in serviced areas, is a good example of the former strategy, said Strigl. He said buildout of FiOS "neighborhood to neighborhood" has proved efficient. Looking toward FiOS' launches in NYC later this year, he said Verizon is now working on getting franchises in D.C., Philadelphia and Pittsburgh. As for cable competition, Strigl acknowledged that "I'm not sure it was correct to advance FiOS at the expense of DSL." The telco will employ a more balanced focus on the 2 services, said Strigl, who said enhanced DSL speeds will help stem broadband migration to cable ops. Verizon also wants to work more closely with **DirectTV** in non-FiOS markets, he said. -- A day after **Time Warner Cable** COO *Landel Hobbs* outlined an enhanced focus on Latino HHs, **DirectTV** CFO *Pat Doyle* said the DBS op is using a similar strategy, noting that DirectTV has long focused on decreasing churn and driving higher Hispanic penetration. "We've done that, and we're really now turning toward growing that business," he said, adding that Hispanic DirectTV customers are growing faster than other ethnicities. Meanwhile, Doyle said a merging of DirectTV into some portion of **Liberty**—likely **Liberty Ent**—is a distinct possibility. "The rationalization of the two holdings makes sense," he said. "We think it would be a good thing to get that straightened out." -- Sure, **ESPN/Disney Media Networks** co-chief *George Bodenheimer* likes that ESPN has "great ratings growth this year," but he said he's more excited about online opportunities. ESPN.com achieved 140mln video views in Apr, which he said proves online video's popularity. "If that jury isn't in, it's walking into the courtroom," said Bodenheimer. To this end, he said ESPN strives in each deal to acquire as many multi-platform rights as possible. He cited the company's **NBA** deal as an example, as it includes rights to "technology that's not even invented yet." ESPN also wants to bring its TV franchises online, he said, but in a creative way that appeases distributors. Other growth opportunities: fantasy sports and HS-aged students.

In the States: A 2nd carriage strike has been called on **Time Warner Cable**, as an **FCC**-appointed arbitrator has found the MSO guilty of discrimination against **MASN** in NC, and has ordered the net be carried in more than 1mln state homes. Time Warner appealed a similar decision by another arbitrator earlier this year, and will not stray from its game plan. "We are disappointed with and disagree with the decision, and we plan to appeal," said the MSO in a statement. The multi-header game between Time Warner and MASN began some 3 years when the MSO deemed unnecessary the NC carriage of net content that includes more than 320 Baltimore Orioles and Washington Nats games. MASN has claimed that the MSO's only goal is to protect its affiliated programming, and the arbitrator agreed.

At the Portals: Beyond Broadband Technology is moving forward with its open-standard, downloadable security solution, reporting that the tech is in the process of being deployed for field testing. **BBT** execs met with **FCC** chmn *Kevin Martin* last week to discuss the solution. Martin indicated that cable ops could deploy the technology without having to obtain a waiver to the set-top integration ban, BBT reported in an FCC filing.

Online: Disney.com announced plans to stream full-length movies for the 1st time, after selected titles air Sat nights on **ABC** throughout the summer. "Finding Nemo" is now available, and others will include "Monsters Inc." and "Peter Pan."

Sales Advice: As our sister pub **min** hands out its "Sales Executive of the Year" award on Wed (presented by our own *Seth Arenstein*), we caught up with some of the cable finalists to get their advice on what practices have made them successful. *Paul Brennan*, vp, ad sales, **Sony Pictures TV**: "I believe the traits that have served me best in my years in sales, are both listening and understanding. Through this I am able to determine what the client's needs and



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* Source: Simmons National Consumer Study Fall 2005 vs. Fall 2007. Read: "The number of Adults 55+ who have a cable modem at home has grown +45% in the last 2 years, while Adults 18-54 show only 24% growth in this area."

BUSINESS & FINANCE

goals are. A tactic I use to help me achieve this is to be in contact with our clients as often as possible in a relevant way." -- *Michael B. Fox*, vp, **ESPN**: "To be successful in any sales environment, you need be able to ask relevant and probing questions, listen, understand and deliver." -- *Peter Vesey*, vp and National Sales Manager, **Fuel TV**: "Be honest, have passion and work by the following principles: Work hard at building and maintaining relationships; know your product and audience target inside and out; listen to your clients, and work hard to create smart solutions to achieve their initiatives and goals." Congrats also to finalist *Trisha Pray*, svp, network TV at **Univision**.

On The Circuit: **Planet Green** got its official launch party Mon night, but it was anything but easy. Last week's festivities at DC's new (green) ball-park were doused by rain. Mon night's party was undertaken in sweltering temps, with 97-degree heat and heavy humidity making it feel like 100+ degrees. But **Discovery** chief *David Zaslav* got his chance to unload the night's first pitch, sailing it 10 feet over and 8 feet wide of the special green homeplate (it must have slipped because of the humidity, David). And if the 26k fans were somehow able to avoid making the night's numerous green-related doings top of mind, surely Planet Green was top of head—the hometown Nats played in green baseball caps.

CableFAX Daily Stockwatch

Company	06/10 Close	1-Day Ch	Company	06/10 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
ARRIS GROUP:	9.97	0.18	ARRIS GROUP:	9.97	0.18
BRITISH SKY:	40.75	(0.46)	AVID TECH:	20.24	(0.07)
DIRECTV:	27.95	0.25	BIGBAND:	5.54	0.30
DISNEY:	33.83	0.65	BLNDER TONGUE:	1.25	0.05
ECHOSTAR:	34.71	(0.16)	BROADCOM:	26.53	(1.17)
GE:	30.33	0.27	C-COR:	11.00	0.00
HEARST-ARGYLE:	21.60	0.20	CISCO:	26.36	(0.07)
ION MEDIA:	1.45	0.00	COMMSCOPE:	53.04	(0.45)
NEWS CORP:	17.90	0.01	CONCURRENT:	0.64	0.00
MSOS					
CABLEVISION:	26.21	(0.34)	CONVERGYS:	15.30	0.04
CHARTER:	1.59	0.04	CSG SYSTEMS:	12.26	0.02
COMCAST:	21.74	(0.22)	ECHOSTAR HOLDING:	35.26	(0.75)
COMCAST SPCL:	21.54	(0.2)	GOOGLE:	554.17	(3.7)
GCI:	7.79	(0.06)	HARMONIC:	9.82	(0.02)
KNOLOGY:	14.33	(0.06)	JDSU:	12.05	(0.07)
LIBERTY CAPITAL:	15.10	(0.01)	LEVEL 3:	3.93	(0.22)
LIBERTY ENTERTAINMENT:	26.50	0.39	MICROSOFT:	27.89	0.18
LIBERTY GLOBAL:	34.13	(0.92)	MOTOROLA:	9.01	0.09
LIBERTY INTERACTIVE:	16.67	(0.24)	NDS:	50.01	(1.71)
MEDIACOM:	5.85	(0.23)	NORTEL:	8.11	0.34
SHAW COMM:	20.48	0.16	OPENTV:	1.37	(0.01)
TIME WARNER CABLE:	28.94	(0.63)	PHILIPS:	36.52	(0.55)
VIRGIN MEDIA:	15.12	(0.88)	RENTRAK:	13.99	(0.02)
WASH POST:	600.00	(6)	SEACHANGE:	8.27	(0.05)
PROGRAMMING					
CBS:	21.08	0.07	SONY:	48.97	(0.76)
CROWN:	4.61	0.03	SPRINT NEXTEL:	8.59	(0.23)
DISCOVERY:	24.94	(0.85)	THOMAS & BETTS:	39.09	(0.84)
EW SCRIPPS:	46.98	0.44	TIVO:	7.41	0.21
GRUPO TELEVISA:	25.01	(0.42)	TOLLGRADE:	5.72	0.28
INTERACTIVE CORP:	21.26	0.11	UNIVERSAL ELEC:	24.91	0.12
LODGENET:	7.00	0.49	VONAGE:	1.77	(0.03)
NEW FRONTIER:	3.78	(0.06)	WEBB SYS:	0.03	(0.02)
OUTDOOR:	7.65	(0.31)	WORLDGATE:	0.30	0.00
PLAYBOY:	5.79	(0.18)	YAHOO:	26.40	(0.18)
TIME WARNER:	15.13	(0.05)	TELCOS		
VALUEVISION:	3.76	0.01	AT&T:	37.22	(0.34)
VIACOM:	33.96	0.03	QWEST:	4.45	(0.07)
WWE:	16.26	0.13	VERIZON:	37.52	(0.42)
TECHNOLOGY					
3COM:	2.54	(0.02)	MARKET INDICES		
ADC:	16.63	(0.34)	DOW:	12289.76	9.44
ADVANTAGE:	3.10	(0.07)	NASDAQ:	2448.94	(10.52)
ALCATEL LUCENT:	6.79	(0.13)			
AMDOCS:	31.46	(0.99)			
AMPHENOL:	47.76	0.41			
APPLE:	185.64	4.03			

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From left to right: Maria Menounos, Adrian Grenier,
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Tommy Lee and Chris 'Ludacris' Bridges.

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