

# CableFAX Daily™

Thursday — June 18, 2009

What the Industry Reads First

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## Waive Us: Cisco, Moto Seek FCC Waivers for Low-End Boxes

Big set-top players **Motorola** and **Cisco** are following in the footsteps of smaller fry **Evolution Broadband** and seeking integrated security waivers from the **FCC** for their low cost, limited capability set-tops. If granted, operators could deploy the boxes without costly CableCARDS inside. "We determined after full evaluation and consideration that given the nature of the waiver grant, it was in the best interest for both us and our customers to seek a waiver for our DTA product line," a Cisco spokeswoman said Wed. Just last week, the vendor was quoted as saying it had no intentions to apply but changed its mind after further evaluation. The FCC this month granted Evolution a 3-year waiver for its digital-to-analog cable converter boxes (*Cfax*, 6/3), marking the 1st time the Commission had granted a waiver for low-cost, limited capability boxes rather than a specific cable operator's deployment of such a device. A rule that took effect in July '07 prevents ops from deploying boxes with non-separable security unless a waiver is granted. In making the Evolution decision, the FCC encouraged other box makers to apply—with Moto and Cisco the 1st to do so. DTAs are low-cost boxes (generally under \$50) that allow operators to reclaim analog spectrum. *Jason Friedrich*, Motorola's broadband policy dir, expects Moto's waiver to be approved because its DTAs have "the same functionality" of Evolution's. Evolution's waiver was for boxes with no advanced features, such as DVR or HD. However, **Cable One** recently received the FCC's OK to deploy low-end boxes that have HD—the 1st such waiver for a traditional cable op. That decision may open the door for box makers to seek waivers for HD-capable DTAs. Moto's waiver request is for its DTA-100 and DTA-100u boxes; Cisco's is for its DTA 30, DTA 50, and DTA 70. Cisco's product line is still under development. **Motorola**, **Pace** and **Thomson** are supplying DTAs to Comcast as part of its bandwidth reclamation strategy (Cisco will be too). The FCC's Media Bureau has set up a streamlined waiver process, seeking comment for 10 calendar days after which the Bureau will expeditiously take action. Comments on both companies' waiver requests are due June 26. CEA opposed Evolution's waiver, as it has with almost every request.

**Metered Usage:** To recast that old tree falling in a forest question—if a freshman Congressman introduces a bill with no cosponsors, does anyone hear it? We're not willing to bet on Rep *Eric Massa's* (D-NY) consumption based billing legislation becoming law, but he did improve his chances by teaming up with **Free Press**. Asked about cosponsors Wed, Massa said the process is currently ongoing. "The 1st step is to introduce the legislation," he said. "I think the number of cosponsors will be in some ways driven by the number of millions of consumers who contact their members of Congress. And I suspect that that is going to start happening." That's where grassroots initiatives by Free Press and StopTheCap.Com come in (both are already touting it). Massa's bill comes after **Time Warner Cable** attempted to expand its bandwidth usage trial, but shelved all plans and trials this spring following a public outcry. The legislation would require ISPs to submit plans to the **FTC** and consult with the **FCC** if they plan to move to a usage-based plan. Plans submitted to the FCC would require public hearings, and the FTC could prohibit plans if it determines an ISP is imposing rates, terms and conditions that are unreasonable or discriminatory. The legislation would only apply to ISPs with 2mln or more subs. In a conference

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call with reporters Wed, Massa said more than a dozen members of Congress have approached him to say he's "attacking a Goliath" and that lobbyists have already been hired to fight it. "I full well expect to be burned in Internet effigy ... But the reality is I think this is a battle that needs to be fought," he said.

**Authenticate This!:** As the cable industry considers authentication schemes to limit certain online video content for only paying subs, *Jim Turner*, vp, product management at authentication system vendor **Synacor**, said systems will need to be highly customizable and flexible, and accommodate a wide range of business rules. That was but one revelation during **CableFAX's** Wed webinar on the authentication/TV Everywhere debate. Meanwhile, fellow panelist *Mark Fratrik*, vp at **BIA Financial**, said front-facing simplicity will be key, especially considering the current ease with which consumers now access free online video content. "It's so widespread that it's an issue the cable industry has to deal with," he said, noting that cable comes "from a position of strength" as it tries to get ahead of the issue. **CableFAX** also revealed the results of its comprehensive authentication survey. Among findings: consumer confusion remains a top worry as cable mulls authentication systems. The entire Webinar, with full survey results, will be available at [www.cablefax.com/webinar](http://www.cablefax.com/webinar).

**Broad Banding:** Perhaps cord-cutting by consumers is more prevalent than 1st believed. According a recent survey by the **Pew Internet & American Life Project**, 9% of Internet users have canceled or cut back their online service over the past year, while 22% of adults have done the same with their cable TV service and 22% of cell phone users have followed suit with their cell service. "We found that broadband is now in the 'must keep' category for Americans, even when economic times are tough," said project assoc dir *John Horrigan*. As of Apr, 63% of adult Americans now have broadband connections at home, versus 54% a year ago, said Pew, and the avg monthly HH broadband bill has increased 13% since May '08, to \$39—the same avg price from '04. Some demo data: sr citizens (+11 points to 30%) and HHs with annual income of \$20K or less (+10 to 35%) showed strong broadband adoption growth, while African Americans adopted broadband at a below avg growth rate for the 2nd consecutive year, to 46% this year from 43% last.

**Competition: DirecTV** is working with **Invidi Technologies** to launch software for targeted advertising by '11, according to the *WSJ*. The software targets specific geographies using set top data; Invidi's partners include **Motorola**, **S-A** and **SeaChange**. -- **Qwest** and **Current Group** are enabling electric utilities through a new framework to integrate intelligent grid sensing with Qwest's DSL network to implement smart grids for greener electric power generation.

**In the States: Nielsen's** 1st update post-DTV transition still has 2.5mln HHs (2.2% of the TV market) not able to receive digital signals through the week ending June 14. That means 300K homes did join the digital revolution since June 7, Nielsen's most recent report of DTV readiness. -- **DISH** told a federal court Mon that it is "investigating other potential design-around options, but, at this stage, does not know whether a further design-around is even possible." The statement was of course referring to its ongoing patent battle with **TiVo**, which is currently winning. Earlier this month, a judge ruled that DISH's modified software continues to infringe on TiVo's patents and ordered it to pay the DVR maker \$103mln. The federal appeals court in DC temporarily stayed the ruling, which included disabling DVR functionality in about 4mln boxes within 30 days. -- **WiMAX** vendor **Alvarion** said it won a \$100mln contract from **Open Range Comm** for the largest **RUS**-funded WiMAX deployment, spanning 17 states, 546 rural communities and reaching up to 6mln people.

**VOD:** A partnership between the **Boston Red Sox** and **Comcast**, **Red Sox On Demand** offers the MSO's New Eng-

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# BUSINESS & FINANCE

land digital subs access to content including season recaps dating back to the '50s, player profiles, community events and insider features such as a hitting clinic by *Kevin Youkilis*.

**Technology:** Syabas bowed a set top that streams Web content to TVs and home stereos, including from partners **CNN, CBS, NBC and BBC.**

**Ratings:** Nielsen re-ran the numbers for Fri (DTV D-Day) after an error initially had **ABC's** "World News" with just 6.2m viewers (the lowest total in more than a decade). Nielsen's Wed revisions had "World News" averaging 6.99m viewers. A spokesman said no other nets were impacted.

**Programming:** **MGM HD** introduces a Western movie franchise Sundays in July, with a flick playing at High Noon (of course). Scheduled Westerns include "The Way West" and "The Scalphunters." -- **USA** is featuring Fri (9-11pm ET) 2 current-season eps of **CBS'** "NCIS" that intro the characters, played by *Chris O'Donnell* and *LL Cool J*, that will star in fall spinoff "NCIS: Los Angeles." -- Set to launch Sept 12, **Planet Green's** weekly block "Reel Impact" looks at human impact on the planet through docs including "Black Wave: The Legacy of the Exxon Valdez" and "An Inconvenient Truth."

**People:** **Rentrak** tapped *Bill Livek* as CEO and a dir, effective immediately. After serving as chmn/CEO since '00, *Paul Rosenbaum* will continue as chmn.

## CableFAX Daily Stockwatch

Company	06/17 Close	1-Day Ch	Company	06/17 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BRITISH SKY:	28.33	0.42	AMPHENOL:	32.12	0.07
DIRECTV:	22.72	0.38	APPLE:	135.58	(0.77)
DISH:	14.85	(0.01)	ARRIS GROUP:	11.68	0.27
DISNEY:	23.68	0.19	AVID TECH:	13.26	0.47
GE:	12.25	(0.53)	BIGBAND:	5.07	0.07
HEARST-ARGYLE:	4.50	0.00	BLNDER TONGUE:	1.40	(0.05)
NEWS CORP:	10.59	(0.14)	BROADCOM:	25.96	0.54
<b>MSOS</b>					
CABLEVISION:	18.67	0.14	CISCO:	19.20	0.12
COMCAST:	13.86	0.33	CLEARWIRE:	4.38	(0.03)
COMCAST SPCL:	13.29	0.29	COMMSCOPE:	24.22	0.19
GCI:	7.04	0.00	CONCURRENT:	5.35	0.10
KNOLOGY:	8.22	0.07	CONVERGYS:	9.08	0.02
LIBERTY CAPITAL:	14.31	0.36	CSG SYSTEMS:	13.76	(0.02)
LIBERTY ENT:	24.57	0.55	EHOSTAR:	15.15	(0.15)
LIBERTY GLOBAL:	14.91	0.18	GOOGLE:	415.16	(0.84)
LIBERTY INT:	5.46	(0.06)	HARMONIC:	6.06	(0.19)
MEDIACOM:	5.39	0.23	INTEL:	16.14	0.28
SHAW COMM:	16.68	0.17	JDSU:	5.88	(0.02)
TIME WARNER CABLE:	30.91	0.48	LEVEL 3:	1.30	(0.11)
VIRGIN MEDIA:	8.56	0.01	MICROSOFT:	23.68	0.23
WASH POST:	336.82	3.98	MOTOROLA:	6.26	(0.01)
<b>PROGRAMMING</b>					
CBS:	7.35	(0.04)	OPENTV:	1.27	0.01
CROWN:	1.85	(0.02)	PHILIPS:	18.00	(0.09)
DISCOVERY:	21.14	0.15	RENTRAK:	15.07	0.56
EW SCRIPPS:	1.95	0.06	SEACHANGE:	7.24	0.21
GRUPO TELEVISA:	16.95	(0.11)	SONY:	26.39	0.43
HSN:	10.17	(0.46)	SPRINT NEXTEL:	5.11	(0.33)
INTERACTIVE CORP:	16.33	0.07	THOMAS & BETTS:	29.46	(0.37)
LIBERTY:	26.91	(0.31)	TIVO:	11.11	0.04
LODGENET:	4.79	0.46	TOLLGRADE:	5.20	(0.23)
NEW FRONTIER:	2.35	(0.13)	UNIVERSAL ELEC:	19.96	0.51
OUTDOOR:	6.05	0.11	VONAGE:	0.41	0.00
PLAYBOY:	2.60	0.08	YAHOO:	15.60	(0.36)
RHI:	3.27	0.03	<b>TELCOS</b>		
SCRIPPS INT:	27.84	(0.16)	AT&T:	24.14	(0.08)
TIME WARNER:	25.47	0.53	QWEST:	4.15	0.02
VALUEVISION:	1.68	0.19	VERIZON:	29.78	0.24
VIACOM:	23.61	0.11	<b>MARKET INDICES</b>		
WWE:	12.71	0.11	DOW:	8497.18	(7.49)
<b>TECHNOLOGY</b>					
3COM:	4.50	(0.22)	NASDAQ:	1808.06	11.88
ADC:	7.90	(0.14)			
ADVANTAGE:	1.87	(0.07)			
ALCATEL LUCENT:	2.60	(0.04)			
AMDOCS:	20.68	(0.19)			

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