

CableFAX Daily™

Monday — June 22, 2009

What the Industry Reads First

Volume 20 / No. 117

Question Time: Still Searching for Answers on Authentication

As cable operators mull limiting certain online video content only to paying cable subscribers, many agree that any such authentication should be simple for people to use. But the road there is littered with complicated questions. For example, should it be a free value-add or an extra "tier" of paid service? "That's not a cable operator decision alone," said *Kristie Kramersmeier*, vp, new product development at **Bright House**, Fri at **FCTA/CTAM** Fla's Florida Cable Connection in Miami. "It's going to be part of a negotiation." That discussion will likely pit operators hoping to avoid cord cutting as consumers watch online video against programmers, which want to preserve some control over their online presence. Another potential sticking point: Would authentication sit behind an MSO portal or live across multiple sites? "The content should be able to reside on an **ABC.com** or a **Hulu** or a **Comcast Website**," said *Eric Ratchman*, vp, business strategy, affiliate sales and mktg at **Disney/ESPN**. Some MSOs, however, are expected to try to tie authentication to their portals. Another question: Should authentication be uniform across cable, telco and satellite platforms? **NBCU** svp, digital distribution *Ron Lamprecht* said such "consistency, openness and common technology" is vital so that programmers can easily authenticate viewers that use multiple distributors. *Jason Kint*, svp, **CBS Interactive** and gm at **CBSSports.com**, said cable also needs to "make it simple and easy to find your content...Keep it very open." It's unclear whether consumers will embrace or reject authentication, but *Kramersmeier* said the industry shouldn't worry. "I'm more interested in the opportunity," she said. "To me, there's only a positive advantage. There's no negative."

In the Courts: A busy period for **Charter** continued Fri when *Paul Allen* sold 28.5mln shares of the MSO—for gross proceeds of approx \$996. Delisted from **NASDAQ** after Charter filed for bankruptcy in Mar, the MSO's shares currently trade for less than 3 cents via the "Pink Sheets." Allen's stock sale followed a NY Bankruptcy Court judge's ruling Wed that Charter won't form a cmte to help shareholders recoup losses as requested by a hedge fund, citing inherent costs and the likely delays it would cause the MSO's reorg. Last week, the **US Trustee**, a **DOJ** arm that oversees bankruptcies, filed an objection to the reorg plan, saying it improperly shields officers and directors such as Allen from lawsuits for potential violations of state or federal laws that may have led to stakeholder money losses. A judge is slated to confirm or deny Charter's reorg plan at a Jul 20 hearing.

DTV Tidbit: **Comcast's** Miami area connects have jumped from 600-700 per day before the June 12 DTV cutoff to about 1700 connects per day in the post-transition era, according to *Kurt Decker*, area vp and gm for Comcast's Miami area operations. The revelation came as Decker was addressing **Florida Cable Connection** attendees in Miami on Fri.

Competition: It seems like the modus operandi these days is to tempt potential customers with cash/credits/gift cards. **AT&T** didn't return calls, but tipsters in GA reported that the telco was offering \$125 last week to **Comcast**

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Source: BETA 2008 Cable Operator Carriage Study, Ranked among all measured emerging and mid-sized cable networks among non-affiliates "very/fairly interested in carrying channel by end of 2009"

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HSD customers that make the switch. Cable subs who desert for **U-Verse** could reportedly get up to \$200. **Cablevision** is offering up to \$200 in **Am Ex** gift cards for new double- or triple-play customers, while **Verizon** recently doled out \$99 to consumers who took its triple-play. -- The **NY PSC** gave **Verizon NY** the OK to increase its monthly charges for certain residence local exchange lines by \$1.95/month. -- **Verizon** launched **V Cast Mobile TV** in San Francisco, Sacramento and Fresno. -- **DirectTV's** again serving up interactive apps such as its six-screens-in-one Mix Channel to complement **ESPN2's** coverage of **Wimbledon**, beginning Mon.

Carriage: **ReelzChannel** inked a 5-yr affil deal extension with **NCTC**. -- **Cox** launched in portions of Southeastern VA high-def channels including **Disney Channel HD** and **ABC Family HD**.

Florida Cable Connection Notebook: The cable industry needs to focus far more intensely on commercial services to capture growth as the economy sputters, said panelists at a Thurs panel. "Business services are anything but flat," said *Steve Schmitz*, vp, **Comcast Business Services** for the South Florida region. He said cable only has about 3% of a \$50bln-\$80bln small- and mid-size business market. But he—as well as **Cox** vp, marketing *Dale Tapley*—agreed that cable can't keep siloing commercial services from residential when it comes to marketing and other functions. Customer service and reliability, however, must be even better for business customers. "We can't be down in the middle of the day anymore," said Tapley. And when it comes to customer service, "we need to step it up there," said Schmitz. -- While innovative marketing programs can convince CSRs to push particular nets, success often hinges more on the programmer's local sales agent, said *Mary Hughes*, dir of commercial development, **Atlantic Broadband**. She noted that her CSRs love a particular **Showtime** rep, who comes around often, treats them well and stays in touch via email, and tend to sell more Showtime subscriptions because of it. "You can walk on water just by doing that little thing," she said. Showtime vp, point of sale *Kelly Parker* said it also helps to simplify materials for CSRs while staggering new original shows. That way, customers get more excited. "We'll get them hooked, and they always have something good to look forward to," she said. Meanwhile, *Tom Cagney*, **Comcast's** vp, customer service and sales, said "the days of tenure are over for the call center" as the MSO takes its time hiring only the best reps and makes sure to constantly measure performance. And *Bill Futch*, vp, customer care at **Bright House**, noted that it's a lot easier to find good candidates in this tough economy—especially in Florida where the real-estate crash and unemployment have been particularly bad.

Online: The week of June 8, which featured "Colbert in Iraq," marked the highest traffic week ever for **Comedy Central's** **ColbertNation.com**. More than 700K unique visitors were logged—almost 2X greater than the '09 avg weekly audience. More than 3.3mln videos were streamed during the week, a new record.

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Pat P.	\$15,000	Time Warner Cable
Marlena F.	\$10,000	Charter Communications
Cathy B.	\$10,000	Comcast
Robert M.	\$5,000	Time Warner Cable

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Inside the Beltway: Pres Obama nominated **IBM** exec *David Kappos* to head the **US Patent and Trademark Office**. -- The DC Court of Appeals told the **FCC** to redo an '07 order that prevented Verizon from raising wholesale prices for competitors in Boston, NYC, Philly, Pittsburgh, Providence, RI, and Virginia Beach, VA. "We are pleased that the Court remand focused narrowly on the need for the Commission to better support the Commission's denial of the Verizon forbearance petitions," acting FCC chmn *Michael Copps* said. "While the Commission will have to invest additional resources on this matter, we should always strive for a rigorous analysis of these forbearance petitions and we are confident of our ability to do just that on remand."

Programming: The **English Premiere League**, arguably the preeminent soccer league on earth, has reopened bidding for 46 live matches next season after **Setanta**, struggling to remain viable, missed a rights payment to the league. Bids are reportedly due Mon, potentially making for a busy weekend in Bristol.

Ratings: USA (2.6/2.53mIn) romped the week (June 7-13) among nets in prime viewership, using originals, **WWE** content and even reruns to "Burn" the competition, presumably without much advance "Notice." The net's biggest producer was original "Royal Pains," which delivered a 4.1/4.02mIn for its 2nd ep and helped USA notch 9 of the 1st 15 telecast spots. **Disney Channel** (1.9/1.83mIn) took 2nd, followed by **TNT** (1.8/1.73mIn), which benefited greatly from the season premiere of "The Closer" (5.4/5.35mIn), the week's top program. **Fox News** (1.7/1.66mIn) took 4th ahead of **AMC** (1.4/1.30mIn), which enjoyed successful Sun airings of the 3rd and 4th installments of "Lonesome Dove" (2.8/2.68mIn combine). -- **Brag Book:** The 2nd season premiere of **HBO's** "True Blood" earned 3.7mIn viewers to become the net's most-watched program since "The Sopranos" season finale in Jun '07. The ep (9pm) was up 157% in comparison to the series' premiere and 51% in comparison to the first season finale.

VOD: **TVN** and the **UFC** inked a deal to make **UFC On Demand** available to all **Comcast** subs, bringing to 25mIn the number of HHs receiving the service. The planned Mon launch is timed to promote the Jul 11 UFC PPV event.

People: Techie *Jim Chiddix* joins **Arris'** board July 1. -- *Bill McGoldrick* is returning to **USA** as svp, original scripted programming. After 7 years with the net, he left in '05 to join **Spike**, where he rose to svp, original series programming. -- *Steve McGowan* is returning to **Discovery Channel** as svp, research. He spent 13 years at Discovery before leaving for **Nielsen** in '03. -- **Comcast SportsNet New England** gm *Bill Bridgen* added to his duties the oversight of **NECN**.

Business/Finance: More extra innings for **Tribune's** attempted sale of the **Chicago Cubs**, **Wrigley Field** and a 25% stake in **Comcast SportsNet Chicago**, according to reports, this time involving a new potential buyer. After a lengthy bidding process, *Thomas Ricketts* was chosen and agreed to pay \$900mIn for the assets in Jan. However, Ricketts encountered trouble acquiring the necessary financing throughout spring, and though he remains in the hunt, Tribune has opened purchase discussions with a group led by NY investor *Marc Utay* and including *Leo Hindery*.

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CableFAX Week in Review

Company	Ticker	6/19 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	29.16	(0.1%)	5.70%
DIRECTV:	DTV	23.68	4.00%	3.40%
DISH:	DISH	15.18	(1%)	36.90%
DISNEY:	DIS	23.53	(6.1%)	5.20%
GE:	GE	12.10	(10.4%)	(19.6%)
HEARST-ARGYLE:	HTV	4.50		(24.6%)
NEWS CORP:	NWS	10.66	(9.1%)	12.50%
MSOS				
CABLEVISION:	CVC	18.65	(1.4%)	12.50%
COMCAST:	CMCSA	13.87	(3.3%)	(16.7%)
COMCAST SPCL:	CMCSK	13.14	(4.3%)	(17.5%)
GCI:	GNCMA	6.95	(5.6%)	(14.1%)
KNOLGY:	KNOL	8.54	1.40%	65.50%
LIBERTY CAPITAL:	LCAPA	13.97	(6.5%)	196.60%
LIBERTY ENT:	LMDIA	25.85	4.70%	47.90%
LIBERTY GLOBAL:	LBTYA	15.06	(0.5%)	(5.4%)
LIBERTY INT:	LINTA	5.31	(10.5%)	70.20%
MEDIACOM:	MCCC	5.75	(3.8%)	33.70%
SHAW COMM:	SJR	17.07	0.70%	
TIME WARNER CABLE:	TWC	30.32		
VIRGIN MEDIA:	VMED	8.94	3.20%	81.60%
WASH POST:	WPO	342.33	(2%)	(10.1%)

Company	Ticker	6/19 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	7.34	(9.8%)	(9.2%)
CROWN:	CRWN	1.83	(6.2%)	(35.8%)
DISCOVERY:	DISCA	20.90	(5.5%)	47.60%
EW SCRIPPS:	SSP	1.94	(7.2%)	(12.2%)
GRUPO TELEVISIA:	TV	16.85	(4.4%)	12.80%
HSN:	HSNI	10.57	(10.3%)	45.40%
INTERACTIVE CORP:	IACI	16.45	0.30%	4.60%
LIBERTY:	L	27.43	(2.5%)	(2.7%)
LODGENET:	LNET	4.54	(23.1%)	548.60%
NEW FRONTIER:	NOOF	2.43	(6.5%)	42.90%
OUTDOOR:	OUTD	5.96	(6.4%)	(20.4%)
PLAYBOY:	PLA	2.73	(3.5%)	26.40%
RHI:	RHIE	3.56	12.70%	(56.2%)
SCRIPPS INT:	SNI	27.86	(5.4%)	27.40%
TIME WARNER:	TWX	25.15	(2.5%)	14.20%
VALUEVISION:	VVTV	1.69	12.70%	412.10%
VIACOM:	VIA	24.53	(1.9%)	21.90%
WWE:	WWE	12.42	(8.6%)	21.80%

Company	Ticker	6/19 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	4.49	(10.7%)	96.90%
ADC:	ADCT	7.71	(6.8%)	41.00%
ADVANTAGE:	AEY	1.93	4.30%	8.40%
ALCATEL LUCENT:	ALU	2.74	(3.5%)	27.40%
AMDOCS:	DOX	20.63	(5.6%)	12.80%
AMPHENOL:	APH	31.65	(6.8%)	32.20%
APPLE:	AAPL	139.48	1.80%	63.40%
ARRIS GROUP:	ARRS	11.82	(6.7%)	48.70%
AVID TECH:	AVID	12.94	(8.9%)	18.60%
BIGBAND:	BBND	5.20	(6.1%)	(5.8%)
BLNDER TONGUE:	BDR	1.49	(8%)	47.50%
BROADCOM:	BRCM	25.49	(3.1%)	50.20%

Company	Ticker	6/19 Close	1-Week % Chg	YTD %Chg
CISCO:	CSCO	18.92	(5%)	16.10%
CLEARWIRE:	CLWR	4.63	0.90%	16.60%
COMMSCOPE:	CTV	24.79	(1%)	59.50%
CONCURRENT:	CCUR	5.95	7.10%	76.50%
CONVERGYS:	CVG	8.86	(4.5%)	38.20%
CSG SYSTEMS:	CSGS	13.52	(5.7%)	(22.6%)
ECHOSTAR:	SATS	15.57	(3.8%)	4.70%
GOOGLE:	GOOG	420.09	(1.1%)	36.50%
HARMONIC:	HLIT	6.36	(3.8%)	13.40%
INTEL:	INTC	16.01	(1.8%)	19.80%
JDSU:	JDSU	5.87	(5.2%)	58.70%
LEVEL 3:	LVL	1.20	(22.1%)	71.40%
MICROSOFT:	MSFT	24.07	3.70%	25.80%
MOTOROLA:	MOT	6.11	(9.2%)	39.10%
OPENTV:	OPTV	1.30	(1.5%)	5.70%
PHILIPS:	PHG	18.26	(4.9%)	1.10%
RENTRAK:	RENT	14.55	5.80%	23.40%
SEACHANGE:	SEAC	7.52	(0.4%)	4.30%
SONY:	SNE	26.23	(3.9%)	19.90%
SPRINT NEXTEL:	S	4.96	(6.2%)	171.00%
THOMAS & BETTS:	TNB	29.18	(8.8%)	21.50%
TIVO:	TIVO	11.05	(3.4%)	54.30%
TOLLGRADE:	TLGD	5.11	(8.3%)	6.90%
UNIVERSAL ELEC:	UEIC	19.75	(4.5%)	21.80%
VONAGE:	VG	0.45	7.10%	(31.8%)
YAHOO:	YHOO	15.80	(3.7%)	29.50%

Company	Ticker	6/19 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	24.04	(3.9%)	(11.3%)
QWEST:	Q	3.98	(7.9%)	15.90%
VERIZON:	VZ	29.66	(0.9%)	(8.4%)

Index	6/19 Close	1-Week % Chg	YTD %Chg	
MARKET INDICES				
DOW:	INDU	8539.73	(2.9%)	(2.7%)
NASDAQ:	COMPX	1827.47	(1.7%)	15.90%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. RHI:	3.56	12.70%
2. VALUEVISION:	1.69	12.70%
3. CONCURRENT:	5.95	7.10%
4. VONAGE:	0.45	7.10%
5. RENTRAK:	14.55	5.80%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. LODGENET:	4.54	(23.1%)
2. LEVEL 3:	1.20	(22.1%)
3. 3COM:	4.49	(10.7%)
4. LIBERTY INT:	5.31	(10.5%)
5. GE:	12.10	(10.4%)

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MaxFAX...

And Ted Said:

Quite a lot, actually.

One of God's dream interviewees, *Ted Turner* took the first question from *Michael Dowling* (Chairman of the event committee for the **Colorado Conservation Trust** dinner



Paul S. Maxwell

awarding Ted the group's first life-time achievement award Thurs) and rambled for about 30 minutes about nuclear proliferation, conservation—including the preservation of his own millions

of acres, and the luck of growing up with the cable industry to make his "first fortune." Ted said his "next fortune" was going to come from renewable energy.

The event at the **Cable Center** on the DU campus in Denver featured a number of cable executives bidding on the silent auction – *Mike Fries* forced me to keep raising a bid on some K2 skis.

Ted's hosts included Senators *Tim Wirth* and *Gary Hart*, *Dan Ritchie* and *Dr. John C. Malone*—who introduced Ted after being graciously thanked for creating a trust with his own extensive land holdings in Colorado. Cable guys lurking around included *John* and *Anna Sie*, *Sharon Magness*, *Carl*

Williams, *Bob Lewis*, *Larry Satkowiak* and Center folks, *Tom Southwick*, *Steve Cunningham*, *Mike Fries* and more from **Liberty** and **Starz**.

Of note: last year the Cable Center hosted a session with Tom interviewing Dr. Malone ... so I invited Ted to come be the interviewee for the session later this year ... he accepted ... details to come later.

Random Notes:

• **Colbert Shout-Out:** Might have been a gimmick for the "Colbert Report" to broadcast from Baghdad ... but the **Comedy Central** gimmick was a great one. As a veteran (who once saw *Bob Hope* at Cam Rahn Bay), I'd like to say to both the real and faux *Stephen Colbert*, "Thank you for your service." Focusing on the troops mopping up this semi-forgotten war in Iraq was great ... and the interviews with politicians, generals and more—including a cameo from former President *George W. Bush* and the fake "order" to get a crew cut from the current President—were, too. And I remember what those haircuts were like ... partly why I never got another one unless forced to do so (until the hair started dropping out on its own).

• **Daniels Keeps on Giving:** This time, \$5 million to renovate a run down Denver city park and name the upgraded playground, facilities (baseball diamonds – a boxing center and the new HQ of the Police

Activities League) after *Bill's* late police chief friend *Jerry Kennedy* (a really good guy, like Bill). And the new basketball court will carry the name of Denver native and pretty good player *Chauncey Billups*.

• **Positively Cable:** Was again a positive for cable ... and *Steve Villano's* last "official" duty to talk too long (albeit eloquently). The 15th edition was, as usual, fun and featured the **Kable Kid**, too. It is going to be an interesting—and challenging—year for **Cable Positive** as the industry—not to mention the world—keeps evolving.

• **Critics:** This morning the President skipped breakfast. Some critics said it was about time he was paying attention to getting things done. Other critics convened a rump session of the "David Letterman Show" and demonstrated how to eat a healthy breakfast while on the run. Meanwhile, on *Conan's* "Tonight Show," a round table of food critics demonstrated how to start a food fight; albeit—in deference to the President's children—a decorous one. Been wondering why so much news coverage puts those so, so relevant critics in all of the 2nd paragraphs.

Paul Maxwell

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