

CableFAX Daily™

Thursday — June 24, 2010

What the Industry Reads First

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Broadcast vs Cable: State of the Industry View from All Sides

A riveting **Hollywood Radio & TV Society** panel Wed dissected the broadcast vs cable argument, starting with *Conan O'Brien's* move to **TBS**. "We were more and more aware of how nimble and free flowing Conan's audience was so when TBS came to us, they were very aggressive. They were willing to spend the money and they presented a great flexibility on the creative. They just really wanted Conan there," said *Leigh Breechen*, a partner at **Bloom Hergott Diemer Rosenthal Laviolette Feldman and Goldman**, which repped the late night talk show host. Referencing the amount of money TBS is spending on comedy, she said it felt like a place with stability. Fellow panelist and **Fox Broadcast** pres, ent *Kevin Reilly* piped up with a comment about what side of the decimal O'Brien's ratings would be on with cable. Breechen, who earlier said that there was concern about taking the show to Fox with its single revenue stream and the instability created by retrans fights with affils, defended the TBS move. "They're not going to make a decision based on 13 weeks or 26 weeks... They're likely to stick with things, which network doesn't do." Reilly acknowledged cable's enormous growth, but said the recent upfront was a testament to "the resiliency of the broadcast model." Estimates put the Big 4 plus **CW's** upfront in the \$8.5bln range—up from \$7.5-\$8bln. **Sony Pictures TV** pres *Steve Mosko* said it was silly to talk about cable vs broadcast since people just watch TV these days, without thinking about the platform. He added that Sony can sell cable shows internationally for the same amount as broadcast, but they lag in syndication dollars—something he thinks will catch up. "It is the moment for cable, and we should celebrate that. This is a big American business that effectively doesn't outsource and makes shows that export around the world," said **ABC Family** pres *Paul Lee*. An agent on the panel does see a clear differentiator between cable and broadcast. "When you look at broadcast vs cable, there is nowhere else to monetize television, to monetize backends than in... broadcast," at least for a participant vs a studio, said *Chris Silberman* of **Intl Creative Mgmt**. "You can count on 1 hand the number of shows on cable that have ever really monetized in any significant way," he said, pointing to "The Sopranos" and "South Park." The panel's ad representative, **Initiative North America** pres *Tim Spengler*, called the discussion "a little Pollyanna" because revenue for '10 is going to be off vs '07. "Advertising is flattening out," he said. "For the business to continue to grow, you need different revenue streams." He said that retrans may bring in more money, but for now, cable's eating into broadcast.

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Top Op AWARDS

Reach TOP Independent Operators and MSO's — Top Ops Issue July 25

CableFAX: The Magazine, Top Ops, honoring the 2010 Top Operators of the Year



Independent Operator of the Year: NewWave Communications
MSO of the Year: Cablevision

Space Close: June 30 **Artwork Close:** July 7 **Publication:** July 25

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At the Portals: Net neutrality backers are still hopping mad over closed-door meetings at the **FCC** with industry reps about the potential for legislation to address Internet policy. **Free Press** ran a full-page ad in the *Washington Post* Wed asking *Pres Obama* to “Stand up to Big Cable and Big Phone and “take a back seat to no one on Net Neutrality.” Meanwhile, **Stifel Nicolaus** said any targeted legislation remains unlikely this year. One possible scenario, it says, is that legislation could be introduced before the mid-term election break, and the industry and FCC work on an interim framework that would provide some additional room for legislation to be enacted next year.

Piracy: Crafted with the help of more than 1,600 public comments, the **White House’s ’10 Joint Strategic Plan on Intellectual Property Enforcement** envisions working with trading partners and int’l orgs to better enforce American intellectual property rights and improve coordination at the federal, state and local level. In a blog post, **Comcast** evp, public policy *David Cohen* said he’s pleased the plan supports voluntary, cooperative industry action to educate consumers. “We are also pleased that the Administration recognizes that every participant in the Internet ecosystem—from network provider to applications provider to search provider to content provider and beyond—bears a shared responsibility to contribute to a successful campaign against piracy,” wrote Cohen. Cable nets are among media firms creating awareness of the issue through the **Coalition Against Online Video Piracy**.

In the Courts: A US District Court in NY sided with **YouTube** over **Viacom** Wed in the pair’s copyright infringement litigation that dates back to Mar ’07, when Viacom sued the Website for featuring its content after allegedly being asked to remove it. The court granted YouTube’s request for summary judgment that it’s entitled to the **Digital Millennium Copyright Act’s** “safe harbor” protection against Viacom’s direct and secondary infringement claims. YouTube and Google “designated an agent, and when they received specific notice that a particular item infringed a copyright, they swiftly removed it. It is uncontroverted that all the clips in suit are off the YouTube website, most having been removed in response to DMCA takedown notices,” wrote *Judge Louis Stanton*.

Competition: **DirecTV** is the 1st affil to launch **Starz In Black HD** and **Starz Cinema HD**, and now offers every Starz premium channel in high-def. Also, the DBS op added **Comcast SportsNet CA HD** and **CSN Bay Area HD**; **Free Speech TV**, a public interest net offering independently produced news programs and docs celebrating America’s diversity; and **Golden Eagle Broadcasting**, Oral Roberts University’s national broadcast. -- **AT&T** completed its acquisition of wireless assets in 79 primary rural service areas across 18 states from **Verizon Wireless**, and plans to roll out its 3G mobile broadband network to all the purchased properties. -- **Verizon** completed in Dallas and by using **Alcatel-Lucent** equipment a field trial carrying 100 gigabit-per-second Ethernet traffic on a metro Ethernet infrastructure.

Orange Card: Typically 2 yellow cards equals a red and player suspension, but we’ll give **ESPN** a little latitude even after **ESPN3** suffered through its 2nd tech issue during the **World Cup**—principally because the problem doesn’t appear to have caused users to miss *Landon Donovan’s* awesome goal. Following a crash on the event’s opening day, the broadband net experienced a page loading problem that affected an unknown number of users Wed morning during the US team’s pivotal match against Algeria. Fortunately, ESPN said it was resolved in 15min and didn’t include a site crash or outage. Still, several **Twitter** messages told of irate customers, with some posts noting problems with **Comcast’s** feed, the same source of consternation during the Jun 14 crash. A rep said the MSO’s systems are working properly today.

Programming: **CNN** selected former NY Gov *Eliot Spitzer* and journalist *Kathleen Parker* to host a nightly roundtable discussion program beginning this fall. -- **Syfy** and **IGN.com** on Sat will launch “B Movie Mogul,” an online initiative that lets users select favored facets of a movie to air on Syfy next year.

Beta: Satellite subs are still happier with their service than are cable customers, according to **Beta’s** satellite subscriber survey, although not as pleased as they were last year. 68% are very satisfied with their service and 64% say they would definitely continue their subscription, compared to 71% and 66% a year ago. **Discovery Channel** ranked #1 in the survey, with 70% of respondents rating the net important to the enjoyment of satellite TV. **History** (63%) and **TNT** (58%) followed. Favorite basic nets across various demos: **ESPN** and **History** among men 18+, **Lifetime** and **Discovery** among women 18+, and **MTV** and **Disney Channel** among 12-17s.

Technology: **Samsung** agreed to integrate **Widevine** tech such as live and on demand adaptive streaming into its con-

BUSINESS & FINANCE

nected devices, millions of which will now ship this year with support of **TV Everywhere**. -- **Comcast's thePlatform** expanded its video publishing system to support more OTT services, IP-connected set-tops, TVs and Blu-ray players, including the forthcoming **Google TV** platform, **TiVo** and **Boxee**.

Public Affairs: **Outdoor Channel** partnered with **Comcast Chattanooga** and the city's chapter of **Safari Club Int'l** to serve more than 300 meals Wed, part of the net's "Sportsman Against Hunger" program.

People: **Marina Anglim** was named svp, marketing and **Deena Edwards** promoted to svp, integrated content for **Discovery Channel** and **Science Channel**. -- **Canoe Ventures** promoted **Dana Runnells** to vp, mktg & communications. Her expanded role includes overseeing Canoe's integrated marketing efforts. -- **FCC** chmn **Julius Genachowski** appointed **Josh Gottheimer** as his sr counselor.

Obit: Cable Pioneer **Bob McIlvane** passed away Mon. He was 82. McIlvane's career included sr exec positions at **Anaconda Wire & Cable** and **Anixter**. He consulted to the industry for 15 years after he retired in '92. A Funeral Mass will be held Fri at St. Michael's Church in Greenwich, CT at 1pm.

Business/Finance: **RGB Networks** bought mobile IP video firm **RipCode**, whose tech it will integrate into its Video Multiprocessing Gateway to deliver services across 3 screens.

CableFAX Daily Stockwatch

Company	06/23 Close	1-Day Ch	Company	06/23 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
ARRIS GROUP:	10.72	(0.01)	ARRIS GROUP:	10.72	(0.01)
AVID TECH:	13.19	0.11	AVID TECH:	13.19	0.11
BIGBAND:	2.90	0.02	BIGBAND:	2.90	0.02
BLNDER TONGUE:	1.35	(0.03)	BLNDER TONGUE:	1.35	(0.03)
BROADCOM:	35.91	0.25	BROADCOM:	35.91	0.25
CISCO:	22.86	(0.11)	CISCO:	22.86	(0.11)
CLEARWIRE:	7.81	0.44	CLEARWIRE:	7.81	0.44
COMMSCOPE:	26.13	(0.36)	COMMSCOPE:	26.13	(0.36)
CONCURRENT:	5.40	0.10	CONCURRENT:	5.40	0.10
CONVERGYS:	10.35	(0.06)	CONVERGYS:	10.35	(0.06)
CSG SYSTEMS:	19.21	(0.34)	CSG SYSTEMS:	19.21	(0.34)
ECHOSTAR:	20.14	(0.28)	ECHOSTAR:	20.14	(0.28)
GOOGLE:	482.05	(4.2)	GOOGLE:	482.05	(4.2)
HARMONIC:	5.72	0.00	HARMONIC:	5.72	0.00
INTEL:	20.81	(0.17)	INTEL:	20.81	(0.17)
JDSU:	11.37	0.01	JDSU:	11.37	0.01
LEVEL 3:	1.19	0.01	LEVEL 3:	1.19	0.01
MICROSOFT:	25.31	(0.46)	MICROSOFT:	25.31	(0.46)
MOTOROLA:	7.30	0.10	MOTOROLA:	7.30	0.10
RENTRAK:	25.43	1.08	RENTRAK:	25.43	1.08
SEACHANGE:	8.69	0.15	SEACHANGE:	8.69	0.15
SONY:	27.74	0.18	SONY:	27.74	0.18
SPRINT NEXTEL:	4.52	0.20	SPRINT NEXTEL:	4.52	0.20
THOMAS & BETTS:	38.35	(0.83)	THOMAS & BETTS:	38.35	(0.83)
TIVO:	7.49	(0.18)	TIVO:	7.49	(0.18)
TOLLGRADE:	6.41	0.01	TOLLGRADE:	6.41	0.01
UNIVERSAL ELEC:	17.34	(0.15)	UNIVERSAL ELEC:	17.34	(0.15)
VONAGE:	2.53	0.26	VONAGE:	2.53	0.26
YAHOO:	15.23	0.14	YAHOO:	15.23	0.14
TELCOS					
AT&T:	25.44	0.08	AT&T:	25.44	0.08
QWEST:	5.32	(0.05)	QWEST:	5.32	(0.05)
VERIZON:	29.33	0.27	VERIZON:	29.33	0.27
MARKET INDICES					
DOW:	10298.44	4.92	DOW:	10298.44	4.92
NASDAQ:	2254.23	(7.57)	NASDAQ:	2254.23	(7.57)
MSOS					
CABLEVISION:	24.44	(0.2)	CABLEVISION:	24.44	(0.2)
COMCAST:	18.18	(0.06)	COMCAST:	18.18	(0.06)
COMCAST SPCL:	17.18	(0.09)	COMCAST SPCL:	17.18	(0.09)
GCI:	6.96	0.20	GCI:	6.96	0.20
KNOLOGY:	11.57	(0.23)	KNOLOGY:	11.57	(0.23)
LIBERTY CAPITAL:	44.29	0.15	LIBERTY CAPITAL:	44.29	0.15
LIBERTY GLOBAL:	26.17	(0.04)	LIBERTY GLOBAL:	26.17	(0.04)
LIBERTY INT:	12.06	(0.35)	LIBERTY INT:	12.06	(0.35)
MEDIACOM:	6.75	0.05	MEDIACOM:	6.75	0.05
RCN:	14.82	0.00	RCN:	14.82	0.00
SHAW COMM:	18.87	(0.19)	SHAW COMM:	18.87	(0.19)
TIME WARNER CABLE:	54.41	0.23	TIME WARNER CABLE:	54.41	0.23
VIRGIN MEDIA:	17.27	0.20	VIRGIN MEDIA:	17.27	0.20
WASH POST:	438.45	(5.98)	WASH POST:	438.45	(5.98)
PROGRAMMING					
CBS:	14.47	0.10	CBS:	14.47	0.10
CROWN:	1.75	0.00	CROWN:	1.75	0.00
DISCOVERY:	38.19	(0.51)	DISCOVERY:	38.19	(0.51)
GRUPO TELEVISIA:	18.31	(0.19)	GRUPO TELEVISIA:	18.31	(0.19)
HSN:	24.57	(0.04)	HSN:	24.57	(0.04)
INTERACTIVE CORP:	23.00	(0.28)	INTERACTIVE CORP:	23.00	(0.28)
LIBERTY:	33.68	(0.08)	LIBERTY:	33.68	(0.08)
LIBERTY STARZ:	52.34	0.47	LIBERTY STARZ:	52.34	0.47
LIONSGATE:	7.06	0.06	LIONSGATE:	7.06	0.06
LODGENET:	4.22	(0.1)	LODGENET:	4.22	(0.1)
NEW FRONTIER:	1.63	0.02	NEW FRONTIER:	1.63	0.02
OUTDOOR:	4.82	(0.13)	OUTDOOR:	4.82	(0.13)
PLAYBOY:	4.01	0.23	PLAYBOY:	4.01	0.23
SCRIPPS INT:	43.77	(0.13)	SCRIPPS INT:	43.77	(0.13)
TIME WARNER:	31.83	0.28	TIME WARNER:	31.83	0.28
VALUEVISION:	1.73	(0.21)	VALUEVISION:	1.73	(0.21)
VIACOM:	39.09	0.04	VIACOM:	39.09	0.04
WWE:	16.20	(0.03)	WWE:	16.20	(0.03)
TECHNOLOGY					
ADC:	7.75	(0.08)	ADC:	7.75	(0.08)
ADVANTAGE:	2.88	(0.09)	ADVANTAGE:	2.88	(0.09)
ALCATEL LUCENT:	2.77	0.06	ALCATEL LUCENT:	2.77	0.06
AMDOCS:	27.70	0.04	AMDOCS:	27.70	0.04
AMPHENOL:	41.73	(0.13)	AMPHENOL:	41.73	(0.13)
AOL:	22.64	(0.29)	AOL:	22.64	(0.29)
APPLE:	270.97	(2.88)	APPLE:	270.97	(2.88)

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NATIONAL ASSOCIATION FOR MULTI-ETHNICITY IN COMMUNICATIONS

The Consumer Wins

There are so many disparate aspects to the policy debates regarding telecommunications these days that you can attend a panel session, a hearing or some other event focusing on “the issues” virtually every day.

In one of those panels this week, the entire question of “broadband adoption” was explored, and, not for the first time as we all know, the issue of the United States being number 15 in the OECD listing of national per capita broadband adoption had those who want “more” done pointing to the figures and saying we are “falling behind” and those who have explored the numbers a little more carefully pointing out that the numbers don’t really reflect much about broadband deployment—they reflect more on things like home computer ownership and literacy.



Steve Effros

That got me thinking about not only computer—and thus broadband—use and literacy, but media literacy in general. To be sure, we have lots of folks who are highly literate computer and broadband users. They’re the ones who want better connections, more speed and are at the forefront of the “net neutrality” debate because they can imagine all the ills that could befall the system if some nefarious group, or company, chose to try to subvert Internet delivery. That hasn’t happened during the entire ramp-up of the broadband infrastructure that we have spearheaded, but never mind that; the fear is that it could happen. The few who are the “heavy” users want to protect against their fears.

The same is true of the whole broadband “service” debate. It turns out that a significant majority, over 70%, of broadband subscribers polled recently, said they were very satisfied with the service they were getting, according to Leichtman Research numbers just released. They also, by almost a two to one margin, said they were not

particularly interested in faster speeds!

Now of course the “response” to that from those “power consumers” who want “more” is that these folks don’t know what they’re missing until they get it. That requiring more broadband and faster speeds, will result in new applications and those will entice more people to use broadband which will justify the whole process. But that doesn’t really address the problem that we have a “gap” in computer literacy, not broadband adoption, unless, of course, you simply define all the PlayStations and X-Boxes as “computers” and measure the “literacy” by how well and how much folks play games.

This “ideal use” in the policy debate, versus the “actual use” that we experience in the field, mirrors the experience we’ve had with video. No matter how good some of the programming is, or how long it’s now been available (congratulations, again, Discovery, on your 25th anniversary year), “American Idol” or “Desperate Housewives” are still going to draw more viewers.

No hearings or rulemakings or panels are going to change that reality. We will all continue to participate in the policy debates about what “should” be done to “promote” broadband, or how we can expand the diversity and reach of video and allow viewers to “control” what they watch, but at the end of the day it is the average user who is going to define our products. Economics dictates that ultimately the majority of consumers will get what they are willing to pay for.

We can seek the “ideal” and, heaven forbid, even write lots of rules and regulations trying to create or enforce what we imagine is the “right” way to arrive at it. But in the end, let’s remember that the consumer wins.

Steve

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CableFAX’s Customer Experience Management Guidebook Lessons and Insights for the Cable Industry

CableFAX and The Cable Center collaborated to publish this 150-page guidebook on customer experience management for the cable industry. The guidebook includes case studies, tips and articles on understanding the foundations of customer experience management and gaining insight to use it to improve your business. You also will learn about the latest measurement strategies, research insights, personnel and compensation strategies, social media tactics and communications techniques for implementing customer experience management in your company.



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