

CableFAX Daily™

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What the Industry Reads First

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Come Together: Cable Cooperation Seen as Key to Riches

Cable's competitive success in the coming years could hinge largely on how well it coordinates efforts on wireless and its **Project Canoe** ad platform initiative, said **Comcast** COO *Steve Burke*. At **Cable-Tec Expo's** general session Wed in Philadelphia, Burke said cable faces \$15bln-\$16bln in wireless buildout costs related to its **Sprint/Clearwire** plans, as well as enormous challenges integrating ad platforms between Canoe partners. "You really can't do either one of those initiatives alone," he said. And despite the massive industry shifts over the last decade, Burke said "there will be more change the in the next 10 years than there has been in the last 10." He also predicted that the Sprint/Clearwire venture could begin rolling out wireless systems within 6-8 months of gaining regulatory approvals that could come as early as year-end. Meanwhile, Burke said the DTV transition should allow cable to grab consumers who haven't subscribed to cable in the past. But he noted that this group has "made a conscious decision not to have cable" and won't be easy to woo. **Charter** CEO *Neil Smit* called the DTV transition a "great opportunity for the industry to demonstrate the customer experience." But he and Burke both agreed the industry must shore up customer service and reliability. Smit said cable needs to hit "a lot of singles and maybe a double here and there" to continually improve; Burke said the industry has "a long way to go" as it works through legacy plant issues and integrates acquired systems. On the reliability front, Burke said "the next frontier is really video" as VOD navigation and future services like caller-ID on the TV make the video platform—not the IP platform—the most difficult to manage going forward. "We need to be better at proactively monitoring our networks," he said. Panelists agreed that everything's eventually going HD, with **Showtime** chmn/CEO *Matt Blank* noting that his net now shoots all new shows in HD and requires HD delivery of "virtually all of our acquired product... You've got to be willing to deliver a premium product in every way." So will the shaky economy prompt customers to cancel premium tiers? Blank said premium cable has proven "fairly bulletproof" in the past but acknowledged that viewers are more likely to scale back on premium tiers than on basic, phone or broadband services, "so we view ourselves as somewhat vulnerable right now." Still, he said Showtime's current slate of popular shows—and its efforts to extend product to multiple platforms—should protect it against mass defections.

CTO Chatter: As cable rolls out new services, MSOs must focus on integrating software and other technology silos into seamless architectures, said cable CTOs at a Wed Expo panel. "The network's going soft," quipped **Comcast** evp/CTO *Tony Werner*, who said cable's hardware-centric past is fast giving way to a software focus as the industry works on tru2way and other new initiatives. **Cox** svp/CTO *Chris Bowick* called the effort to bridge siloed services "one of our biggest technological problems," likening the task to taking a formation of small planes and trying "to build them into a single integrated airplane while they're still flying." Bowick said Cox still plans to roll out DOCSIS 3.0 in some of its most competitive markets in Q3; Werner said Comcast will deploy it in 20% of its footprint by year-end, noting the rollout

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"could even be higher than that." Challenges include finding chunks of spectrum to channel-bond together to achieve the kind of high data rates that DOCSIS 3.0 makes possible, which "is a little bigger a deal than we originally thought."

Rigas Resentencing: Former father and son Adelphia execs *John* and *Tim Rigas* had their sentences reduced by 3 years each Wed. Adelphia founder *John Rigas*' 15-year term was reduced to 12 years, while Tim's 20-year sentence was cut to 17. The 2 were convicted in '04 in a massive accounting scandal at the now-defunct cable company. Judge *Leonard Sand* said a "minimal adjustment" was appropriate after an appeals court threw out 1 of their convictions. The Rigas family wasn't happy and plans to continue to challenge Sands. "These sentences might be appropriate for murderers, rapists or terrorists, but not for businessmen who thought they were entering into legitimate business transactions in good faith reliance on seasoned professionals," son Michael Rigas said in a statement released by the Rigas' attorney.

On the Hill: Count on **Disney** to chime in every time someone suggests big programmers tie their must-have channels to less desirable nets. After Sen *Herb Kohl* (D-WI) made the assertion in a letter this week that sought stronger program access rules at the **FCC** (*Cfax*, 6/25), **Disney Media Nets**' *Ben Pyne* sent the senator a follow-up letter. "I am writing to assure you that, contrary to what you may have been told, Disney does not require carriage of any of its other channel as a condition to carriage of our 2 most popular cable channels: **ESPN** and **Disney Channel**," Pyne wrote, attaching 3 affidavits that state providers can carry those channels on a standalone basis at rates that reflect their fair market value.

Advertising: **NBCU** says it wants to offer transparency to advertisers. Therefore, NBC.com will release show-specific streaming demographic data, beginning with the June metrics. It'll be distributed through **Nielsen Online**'s "VideoCensus" in July. -- **MTV** has a new first. This presidential race will mark the 1st time it has accepted political advertising since launching in 1981. Ads must be from the politicians or political parties, not third-party sources.

Competition: Following a 4-month trial, **T-Mobile** is poised to roll out nationally its \$10/month VoIP service. Launching next week, the service allows customers to keep their home phone number and opt for savings by bundling their home phone line with their T-Mobile wireless service.

In the States: **Cablevision**'s \$650mln *Newsday* acquisition received **FTC** clearance. -- **RFD-TV** inked a national carriage agreement with **FIOS TV**, and will begin rolling out on the service this summer. The net will become available in all FiOS TV service areas over the following months. -- **ReelzChannel** has launched on **Charter** in central AL.

Expo Notebook: **Cox** has equipped more than 6K techs and dispatchers with **TOA**'s Web-based customer appointment management software, which can narrow customer wait windows to 60 minutes. TOA will be the exclusive provider of customer appointment and mobile workforce management systems at Cox, replacing 18 different platforms. -- Former **Bright House** Tampa Bay exec *Eugene White* was inducted into the SCTE Hall of Fame. **ARRIS**' *Brenda Stotler* was named SCTE Member of the Year, while **Commscope**'s *Frank Drendel* and **ARRIS**' *Robert Stanzione* were given the '08 SCTE Chairman's Award. SCTE also recognized the 297 systems from 13 companies that received Gold Safety Awards. **Charter** led the winners with 98 systems, followed by **Suddenlink** with 73. 52 systems from 6 companies took Silver Safety Awards. With Charter (14) and Suddenlink (12) leading the pack. -- **Arris** and **BlackArrow** have completed interoperability testing between their respective VOD delivery and addressable advertising systems, a melding enabling dynamic audience targeting by geography, daypart, program metadata and other criteria.

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America's TV Headquarters

BUSINESS & FINANCE

I Want My Cable TV: Although pundits had feared that economic woes would lead Americans to give up services such as cable TV, the industry has weathered the turbulence by becoming a key stay-at-home entertainment option for many. But not for the *Doyle* family of Utah, which miffed its 2 daughters by canceling cable to help combat rising gas prices. Apparently crestfallen without **Disney Channel** and **Nick**, the girls, ages 7 and 9, took to the city's streets this week to protest the rising prices, according to multiple news reports. Presumably, "Life is Ruff" and "Unfabulous" without cable.

Research: 72% of cable HSD subs rate the quality of their Internet speed as 8-10 on a 10-point scale, according to **Leichtman Research**, while only 62% of telco broadband subs gave the same rating. Other findings: 24% of broadband subs are very interested in receiving faster Internet access at home; 11% would very likely pay an additional \$10/month to double their Internet speed.

Business/Finance: AT&T shares rose Wed after **Sanford Bernstein** upped its rating from "market perform" to "outperform," saying the recent weakness in shares provided an attractive entry point. The firm did note that subscriber density for **U-verse TV** is much lower than for **FiOS**. Citing a "broader pullback in the equity markets overall," Bernstein cut AT&T's price target to \$42.

CableFAX Daily Stockwatch

Company	06/25 Close	1-Day Ch	Company	06/25 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	38.90	0.28	APPLE:	177.39	4.14
DIRECTV:	26.33	0.45	ARRIS GROUP:	8.85	0.10
DISNEY:	32.49	0.27	AVID TECH:	18.70	0.19
ECHOSTAR:	30.34	0.99	BIGBAND:	5.30	(0.19)
GE:	27.99	0.40	BLNDER TONGUE:	1.25	0.04
HEARST-ARGYLE:	19.57	(0.09)	BROADCOM:	27.81	0.42
ION MEDIA:	1.45	0.00	C-COR:	11.00	0.00
NEWS CORP:	16.74	0.22	CISCO:	24.70	0.22
MSOS					
CABLEVISION:	23.66	0.43	COMMSCOPE:	53.81	0.81
CHARTER:	1.12	(0.03)	CONCURRENT:	0.65	0.05
COMCAST:	19.26	0.28	CONVERGYS:	15.32	0.15
COMCAST SPCL:	19.04	0.28	CSG SYSTEMS:	11.37	0.21
GCI:	7.49	0.01	ECHOSTAR HOLDING:	32.17	0.07
KNOLGY:	12.49	(0.05)	GOOGLE:	551.00	8.70
LIBERTY CAPITAL:	15.05	0.05	HARMONIC:	10.14	0.30
LIBERTY ENTERTAINMENT:	24.85	0.18	JDSU:	11.80	0.02
LIBERTY GLOBAL:	32.08	0.69	LEVEL 3:	3.55	0.22
LIBERTY INTERACTIVE:	15.89	0.04	MICROSOFT:	28.35	0.62
MEDIACOM:	5.45	0.26	MOTOROLA:	7.52	0.17
SHAW COMM:	19.78	0.77	NDS:	50.70	(0.7)
TIME WARNER CABLE:	26.83	0.30	NORTEL:	9.00	0.00
VIRGIN MEDIA:	14.50	0.70	OPENTV:	1.43	0.10
WASH POST:	591.60	14.60	PHILIPS:	35.33	0.57
PROGRAMMING					
CBS:	20.19	0.55	RENTRAK:	14.13	0.07
CROWN:	4.25	0.01	SEACHANGE:	7.65	0.20
DISCOVERY:	23.90	0.48	SONY:	46.22	0.42
EW SCRIPPS:	43.83	0.09	SPRINT NEXTEL:	8.55	0.44
GRUPO TELEVISA:	24.33	0.47	THOMAS & BETTS:	39.68	2.01
INTERACTIVE CORP:	20.31	0.48	TIVO:	6.53	0.03
LIBERTY:	48.65	(0.35)	TOLLGRADE:	5.23	0.00
LODGENET:	5.47	(0.23)	UNIVERSAL ELEC:	23.36	(0.14)
NEW FRONTIER:	3.95	(0.02)	VONAGE:	1.79	0.08
OUTDOOR:	7.51	0.05	WEBB SYS:	0.05	0.00
PLAYBOY:	5.05	(0.02)	WORLDGATE:	0.30	0.00
TIME WARNER:	14.99	0.39	YAHOO:	22.01	(0.03)
VALUEVISION:	4.09	0.13	TELCOS		
VIACOM:	31.71	0.51	AT&T:	34.47	0.20
WWE:	15.47	0.22	QWEST:	4.04	0.14
TECHNOLOGY					
3COM:	2.38	0.01	VERIZON:	35.59	0.18
ADC:	16.20	(0.01)	MARKET INDICES		
ADDVANTAGE:	3.14	0.04	DOW:	11811.83	4.40
ALCATEL LUCENT:	6.25	0.17	NASDAQ:	2401.26	32.98
AMDOCS:	30.29	0.22			
AMPHENOL:	48.37	0.69			

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Think about that for a minute...

You Can't Always Get...

...What you want, and in this case the folks lobbying for "freedom" of the Internet actually want it free. That's not going to happen. There's a big difference between "freedom" and "free."

I'm trying to avoid using the term "network neutrality" in discussing this whole issue because that term has become so clouded by multiple meanings that it's impossible to know what someone is talking about when they use it any more. So let's look at the basic concepts folks are arguing about and take them one at a time.



Steve Effros

First, "freedom" to go wherever one wants to, and use whatever programs and applications they want to, on Internet connections. I don't think there are any cable Internet Service Providers who disagree with that. To be sure, others, including the gov-

ernment, do. There are now government mandates to restrict access, for instance, to child pornography sites. You can argue that one all you want as to its wisdom; all I know is that once the government starts restricting sites in the name of public safety or public policy, there is rarely any end to what policy might be invoked. Look at China, Burma or the like and the "freedom" they have to go to certain web sites, and you will know that getting government involved tends to restrict "freedom," not enhance it. OK, so we support that "freedom," and when an operator tried to solve network management issues by focusing on one application, it became clear that, too, was the wrong way to go. So they changed course. Score one for "freedom." Didn't need government intercession to solve the issue.

Now there are complaints about network management that either restricts bandwidth use by "power users" at times of congestion, or suggestions that there be a


"metered use" system where folks pay for the excess bandwidth they use. Their suggestion: just keep building more bandwidth! But we all know that's not a practical response. The applications out there today, like BitTorrent, are designed to continue filling up however much bandwidth is available! Like it or not, folks are going to have to take responsibility for what they do, and pay for the infrastructure they use.

There is a sub rosa argument that the cable ISPs are creating these bandwidth issues in order to thwart "over the top" video delivery via the Internet which, the theory goes, would adversely impact their video delivery. The problem with that theory is many-faceted. First, the Internet does not have enough capacity in the backbone to actually create a substitute for the level of video watching that is currently done each night. That's not the "last mile" ISPs we're talking about. That's the whole infrastructure. Second, if cable could just charge for delivery and not pay for product it would make a higher return than it does now! Ask the folks demanding retransmission consent or higher carriage fees and you will begin to understand the real economics of all this.

And finally we have the argument about "freedom" from any monitoring or filtering of content. Those who argue for unlimited bandwidth use recognize that a majority of the high volume use today is to redistribute copyrighted material without paying for it. This could be monitored and billed, thus solving the bandwidth problem, but that, they say, is a violation of their "freedom" too! Well, one way or another the infrastructure (and intellectual property) has to be paid for. They're going to have to recognize that they can't always get what they want!

Steve

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