

# CableFAX Daily™

Tuesday — June 30, 2009

What the Industry Reads First

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## Green Light: Cablevision, Cable Ready to Capitalize on Network DVRs

**Cablevision** evaded a key potential roadblock to its network DVR rollout when the **US Supreme Court** on Mon refused to address a legal challenge by several TV nets and movie studios that argued the DVR tech violates federal copyright laws. Though expected following the **US Solicitor General's** recommendation that the court not take up the case, the decision is viewed by many as a likely boon for cable ops. And while pleased, CVC took care to acknowledge the concerns of content providers such as **Disney**, **CBS** and **Paramount Pictures**. "We believe there are ways to take this victory and work with programmers to give our customers what they want—full DVR functionality through existing digital set-top boxes—and at the same time deliver real benefits to advertisers," said COO **Tom Rutledge**. The MSO plans to launch its 1st related app this summer, offering customers the ability to pause live TV when the phone rings. Rutledge also noted the DVR's tech advantage over satellite because it can offer DVR functionality to every TV outlet in a home with a digital set-top. Another advantage is lower capex costs, said **Sanford Bernstein's Craig Moffett**. **Collins Stewart's Tom Eagan** agrees, saying earlier this month that the remote-storage DVR could help Cablevision save \$75-100 per set-top and \$50 on a truck roll. Analysts expect other cable ops to launch similar tech down the road. Moffett expects **Comcast** to capitalize next and then **Time Warner Cable**, albeit a couple years hence as rollouts "are likely limited to deployment only after deployment of switched digital video, all-digital, and/or other capacity reclamation projects." Meanwhile, both **Public Knowledge** and the **CEA** focused on the consumer angle. "From a common-sense standpoint, the Court's decision was a slam-dunk," said CEA pres/CEO **Gary Shapiro**. "The Court has already ruled that consumers have the right to time-shift television shows. Whether the bits reside in a box under your TV or a box in the cable field office is not relevant." Amid all the positive reaction, however, **Stifel Nicolaus** cautioned that "the issue could arise again in a later suit by the content owners against another cable company that implements its own remote DVR. But we think that would be years off." CVC shares gained 2.44% Mon, riding an uptick that began shortly after 10am, when SCOTUS announced its decision.

**At The Portals:** The **FCC** on Fri reversed an order from its Enforcement Bureau requiring **Cox** and **Oceanic Time Warner Cable** to pay fines and refund customers as a result of moving some channels to SDV, making them unviewable on

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some 1-way devices (like **TiVos**). The order notes the benefits of SDV including HD channel and broadband deployments through increased bandwidth that also helps “facilitate cable operator compliance with the Commission’s “viewability” rules... without displacing substantial amounts of existing programming.” Also, the FCC said its rules require cable ops migrating existing content to a SDV platform to provide 30 days advance written notice to affected subs and LFAs.

**Competition:** AT&T launched **U-verse** services in Central IL, in parts of Champaign, Danville, Decatur and Springfield.

**In the States:** The **KY Supreme Court** last week struck down a state law allowing local governments to tax satellite TV. The court “faithfully obeyed Congress’s will and... is a great win for **DirectTV** and **DISH Network**, and for consumers,” said the DBS ops in a statement. -- Through deployment of **Clearleap’s** Web-based TV tech, **Atlantic Broadband** may now expand its VOD offerings, quickly insert ads into on demand programming and program customized linear channels. The deal brings to 16 the number of markets in which Clearleap has contracts. -- **ION Media Nets** launched in NYC and D.C. its digital broadcast “triple play” featuring **ION TV** in HD, 2 additional nets and mobile TV. -- **SES Americom** agreed to deliver **Retro TV’s** programming nationwide.

**New Boss:** After being sworn in at the **FCC** Mon afternoon, chmn **Julius Genachowski** announced his staff. **Edward Lazarus** will serve as chief of staff, **Bruce Liang Gottlieb** as chief counsel, **Colin Crowell** as sr counselor, **Priya Aiyar** and **Sherrese Smith** as legal advisors, **Sherry Gelfand** as confidential asst, **Daniel Ornstein** as special asst and **Mary Beth Richards** as special counsel for FCC reform. **Ruth Milkman** will lead the transition effort. Meanwhile, Commissioner **Jonathan Adelstein** left the FCC to head the **RUS**.

**Deal:** **Cox**, **MLBAM** and the **San Diego Padres** inked a deal offering San Diego-area customers of the MSO’s broadband service live streams of Padres games beginning Jul 16. The pricing structure—\$50 for the remainder of the season or \$20 for any 30-day period—is the same required for a similar deal announced last week involving **YES**, the **Yankees** and **MLBAM**.

**Marketing:** **Sportsman Channel** bowed a new brand image to reflect this core marketing thrust: to provide high quality hunting, shooting and fishing programming exclusively focused on the entertainment and information needs of the true “Sportsman.” Included are a fresh logo and channel bug, and the net also dropped “the” from its name.

**Mobile Broadband:** An offshoot of the cable/Clearwire/Sprint jv, **Comcast’s** wireless broadband initiative kicks off Tues in Portland with **Comcast High-Speed 2go**. Also available to SMB customers, the service will be offered initially in a bundle with wired Internet services; rollout plans call for launches in Atlanta, Chicago and Philly later this year. A \$50/month **Fast Pack Metro** service includes 12Mbps home service, a free WiFi router and speeds of up to 4Mbps throughout specific metro areas. A Fast Pack Nationwide service costs an additional \$20/month and offers nationwide 3G mobile broadband services via Sprint’s network. -- No word on the **Clear** 4G WiMAX network, but **PC World** in Mar and Apr conducted tests of 3G wireless broadband services from **Verizon**, **Sprint** and **AT&T**, finding that Sprint led in reliability in 6 of the 13 tested markets and Verizon in 5. The pair tied in the other 2. Market wins for download speeds: VZ (7), Sprint (4) and AT&T (2).

**Online:** **AMC** created new online arm **AMC Digital Media** and picked up **Filmsite.com** and **Filmcritic.org**. Both sites offer movie reviews. -- **PGA.com** inked with **Hank Haney** a dev deal for an online golf instruction series.

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**CableFAX is proud to announce the winners in a variety of categories recognizing the achievements of both MSO's and Independents; recognizing excellence in leadership, innovation and community.**

The Independent Operator of the Year Award will be presented in conjunction with ACA and NCTC on July 28 at the Independent Show in Grapevine, Texas.

### Independent Awards

#### Operator of the Year

NPG Cable, Inc.

#### Lifetime Achievement

Gene Hager - Antietam Cable Television, Inc.

#### Customer Service Award

Beld Broadband  
NewWave Communications

#### Community Service Award

Full Channel

#### Marketer of the Year

Cynthia Boles - Avenue Broadband

#### Project Launch of the Year

Coaxial

#### Strategic Thinker of the Year

Bob Gessner - Massillon Cable TV, Inc

#### System Executive of the Year

Greg Lathum - NewWave Communications

#### Tech Innovation

Sunflower Broadband

### MSO Awards

#### MSO of the Year

Mediacom

#### Lifetime Achievement

Pam Euler Halling - Insight Communications

#### Technology Award

Comcast

#### Commercial Sales Team of the Year

Cox Business

#### Community Service Award – MSO Wide

Bresnan Communications

#### Community Service Award – System

Suddenlink

#### Competition Award

Cablevision

#### Customer Service Award

Charter Communications

#### Leadership Award

Time Warner Cable

#### Project Launch of the Year

Bright House Networks

#### Regional Executive Award

Woody Hutton - Insight Communications

### Issue Highlight: 2009 Faith & Values Special Report

A special advertorial section profiling leading faith-based programmers.

**For all of your advertisement and sponsorship opportunities contact:**

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# BUSINESS & FINANCE

**Ratings:** Disney Channel original movie "Princess Protection Program" earned 8.5mln total viewers Fri night to become cable's top scripted telecast of '09 in the metric and the net's #3 original movie ever.

**Programming:** TV Guide Net is set to debut feature films in Jul, including "Beyond the Sea" (Jul 10) and "Man About Town" (Jul 31). -- **Style Net** acquired certain eps of MTV's "My Super Sweet 16," which premieres on the net this weekend. -- **VH1's** '10 lineup will include series based on "Pepa" from musical group Salt n Pepa and "Chilli" from group TLC.

**Milestone:** Time Warner Cable recently signed up its 4 millionth digital voice sub.

**Public Affairs:** RCN said it will again donate more than \$3mln in cable ad time to the **United Way** this year.

**Obit:** Billy Mays, the infomercial star and co-host of **Discovery Channel's** "Pitchmen," passed away in his sleep Sat night. The net expressed sympathy to the Mays family on Sun, as did fellow show host *Anthony Sullivan* on Mon. The net will run tribute promos honoring Mays throughout Wed, when it will feature a "Pitchmen" marathon to precede the show's season finale.

**People:** TiVo elected *J. Heidi Roizen* a board member. -- **The Weather Channel Interactive** tapped *Cameron Clayton* as vp, mobile. -- **MTV Games** appointed *Scott Guthrie* evp/gm and *David Cox* svp, sales.

## CableFAX Daily Stockwatch

| Company                      | 06/29<br>Close | 1-Day<br>Ch | Company               | 06/29<br>Close | 1-Day<br>Ch |
|------------------------------|----------------|-------------|-----------------------|----------------|-------------|
| <b>BROADCASTERS/DBS/MMDS</b> |                |             |                       |                |             |
| BRITISH SKY:                 | 30.02          | 0.34        | AMPHENOL:             | 31.47          | (0.43)      |
| DIRECTV:                     | 25.02          | 0.45        | APPLE:                | 141.97         | (0.47)      |
| DISH:                        | 16.10          | 0.29        | ARRIS GROUP:          | 12.40          | 0.36        |
| DISNEY:                      | 23.66          | 0.23        | AVID TECH:            | 13.70          | 0.19        |
| GE:                          | 11.76          | 0.01        | BIGBAND:              | 5.14           | 0.14        |
| HEARST-ARGYLE:               | 4.50           | 0.00        | BLNDER TONGUE:        | 1.39           | 0.00        |
| NEWS CORP:                   | 10.66          | 0.13        | BROADCOM:             | 24.91          | 0.29        |
| <b>MSOS</b>                  |                |             |                       |                |             |
| CABLEVISION:                 | 19.32          | 0.46        | CISCO:                | 18.99          | 0.08        |
| COMCAST:                     | 14.36          | 0.14        | CLEARWIRE:            | 5.73           | 0.86        |
| COMCAST SPCL:                | 13.92          | 0.01        | COMMSCOPE:            | 26.25          | (0.21)      |
| GCI:                         | 6.79           | 0.14        | CONCURRENT:           | 5.74           | (0.11)      |
| KNOLOGY:                     | 8.84           | 0.21        | CONVERGYS:            | 9.17           | (0.01)      |
| LIBERTY CAPITAL:             | 14.09          | 0.35        | CSG SYSTEMS:          | 13.45          | (0.08)      |
| LIBERTY ENT:                 | 26.95          | 0.61        | EHOSTAR:              | 15.57          | (0.14)      |
| LIBERTY GLOBAL:              | 15.86          | 0.14        | GOOGLE:               | 424.14         | (1.18)      |
| LIBERTY INT:                 | 4.98           | (0.01)      | HARMONIC:             | 5.96           | (0.09)      |
| MEDIACOM:                    | 5.15           | (0.27)      | INTEL:                | 16.38          | 0.09        |
| SHAW COMM:                   | 16.95          | (0.16)      | JDSU:                 | 5.72           | 0.02        |
| TIME WARNER CABLE:           | 31.66          | 0.54        | LEVEL 3:              | 1.50           | 0.10        |
| VIRGIN MEDIA:                | 9.26           | 0.34        | MICROSOFT:            | 23.86          | 0.51        |
| WASH POST:                   | 348.76         | (0.63)      | MOTOROLA:             | 6.61           | (0.01)      |
| <b>PROGRAMMING</b>           |                |             |                       |                |             |
| CBS:                         | 7.22           | 0.15        | OPENTV:               | 1.36           | (0.02)      |
| CROWN:                       | 1.72           | (0.2)       | PHILIPS:              | 18.63          | 0.31        |
| DISCOVERY:                   | 22.19          | 0.45        | RENTRAK:              | 16.90          | (0.53)      |
| EW SCRIPPS:                  | 2.19           | (0.31)      | SEACHANGE:            | 8.12           | (0.16)      |
| GRUPO TELEVISA:              | 17.25          | 0.12        | SONY:                 | 26.58          | 0.28        |
| HSN:                         | 9.97           | (0.12)      | SPRINT NEXTEL:        | 4.92           | (0.07)      |
| INTERACTIVE CORP:            | 15.93          | 0.00        | THOMAS & BETTS:       | 29.80          | (0.08)      |
| LIBERTY:                     | 27.44          | 0.27        | TIVO:                 | 10.58          | (0.45)      |
| LODGENET:                    | 3.37           | (0.24)      | TOLLGRADE:            | 5.74           | (0.03)      |
| NEW FRONTIER:                | 2.33           | (0.13)      | UNIVERSAL ELEC:       | 19.27          | 0.44        |
| OUTDOOR:                     | 5.79           | 0.04        | VONAGE:               | 0.37           | 0.03        |
| PLAYBOY:                     | 2.59           | (0.02)      | YAHOO:                | 15.90          | 0.16        |
| RHI:                         | 3.15           | (0.11)      | <b>TELCOS</b>         |                |             |
| SCRIPPS INT:                 | 27.87          | 0.03        | AT&T:                 | 25.22          | 0.40        |
| TIME WARNER:                 | 25.33          | 0.38        | QWEST:                | 4.10           | (0.11)      |
| VALUEVISION:                 | 1.94           | (0.1)       | VERIZON:              | 31.36          | 0.37        |
| VIACOM:                      | 24.71          | 1.04        | <b>MARKET INDICES</b> |                |             |
| WWE:                         | 12.85          | (0.03)      | DOW:                  | 8529.38        | 90.99       |
| <b>TECHNOLOGY</b>            |                |             |                       |                |             |
| 3COM:                        | 4.85           | 0.05        | NASDAQ:               | 1844.06        | 5.84        |
| ADC:                         | 8.01           | (0.11)      |                       |                |             |
| ADVANTAGE:                   | 1.65           | (0.04)      |                       |                |             |
| ALCATEL LUCENT:              | 2.47           | (0.06)      |                       |                |             |
| AMDOCS:                      | 21.38          | 0.41        |                       |                |             |

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# EYE ON ADVERTISING

## Bang for the Buck

It's no secret that media buyers want creative solutions from cable and other media sectors. **CableFAX** Executive Editor Michael Grebb asked Kris Magel, evp, director of National Broadcast at **Initiative** (and Sweet 16 inductee), to share his thoughts on this shifting landscape.

### What's Initiative's biggest focus at the moment?

KM: In an economy like this, we must get more commercials—and more audience—for our clients' money, but we need those commercials to stand out. We can do that, by creating relationships with programs viewers are passionate about—using limited commercial interruption sponsorships, in-show integrations, custom content pieces, etc—and by extending those relationships on the Web, in consumer marketing, even at retail. But we've got to pick and choose the affordable opportunities where we'll get the most bang for our buck.

### What are some things cable networks can do better to woo advertisers in this tough economic environment?

KM: We're of course going to be looking for better prices and more flexibility. But cable's big play this year is its value proposition, and they should play this card to the hilt. Produce more successful programs that can compete with broadcast. Build in research that proves the effectiveness of advertising in those programs. And create more ways to help our clients' advertising stand out—not just with the one-off partnerships—for the bulk of our inventory.

### What do major brands want these days?

KM: New brands and products need to build awareness, drive trial and grow a brand, while established brands need to reinforce key benefits and provide a "reason to believe" to consumers.

### Is cable or broadcast is doing a better job?

KM: I think cable's strength is its ability to create affordable opportunities with continuity: you can afford to buy more. Opportunities to stand out are more limited in

broadcast and more expensive, but sometimes they can bring more scale/reach to the table.

### What's your view on brand integration?

KM: Well, for one thing I don't think we need *more* integration. We're all getting enough of that. But integrated partnerships are evolving to be more about creating a contextual, relevant link between the brand and the program, and executing that in different, pleasing ways to the consumer. The more we're able to reinforce and support that link across channels, the more scalable the program becomes, and then the more the brand can leverage it with their consumers, their customers, their retail partners, and even internally with their own sales force. And if you go to all this trouble, you must have research built in to learn how the consumer is receiving it—and how they are feeling about the brand (and the network) after that experience.

### What technologies excite you?

KM: They're all exciting, and they all promise to unlock tremendous value from the TV medium in future years. Today, however, there are two big barriers: Scale (an industry problem) and content (clients must have relevant, varied content that makes it worth taking advantage of these opportunities). Neither of these is in abundance right now, which has impeded growth. I'm also excited about the emergence of single-source "multi-screen" measurement... Recent findings from Nielsen's Three Screen Report and the CRE's Video Consumer Mapping Study have been very enlightening, and TiVo's announcement of their partnership with Quantcast to begin measuring TV/Web usage is also a great step forward.

### Are you concerned about delays at Canoe Ventures?

KM: It does concern me, as does the slow growth of "advanced TV" in general. But it's probably best that Canoe concentrates on getting the product right versus rushing out to market with a sub-standard product.



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