

CableFAX Daily™

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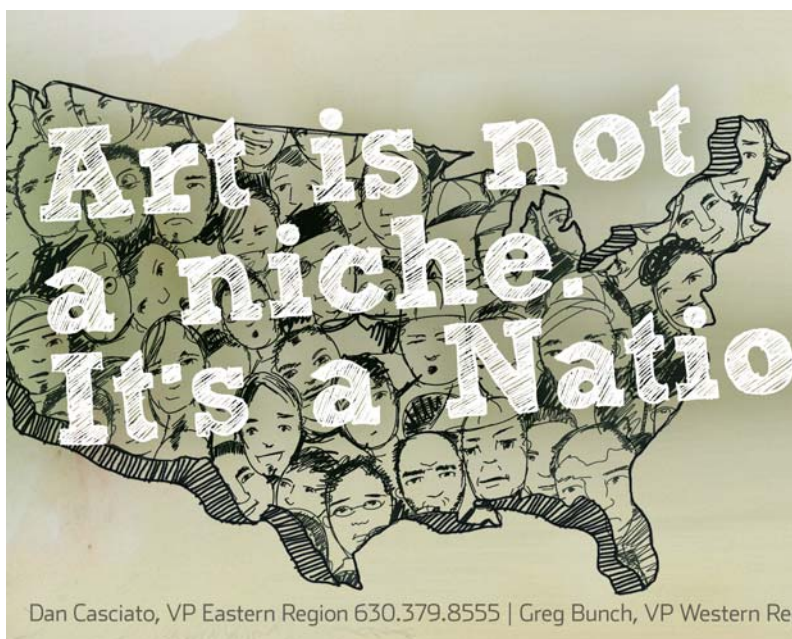
What the Industry Reads First

Volume 21 / No. 126

Cox Ch-ch-changes: Restructuring Has MSO Hanging Up Help Wanted Sign

Cox CMO *Joe Rooney* has a new title—svp, brand marketing, social media and advertising. It's part of a new structure announced internally Wed by COO *Leo Brennan* that breaks down marketing into 2 new sr level positions. The other role is CMO and vp, price & bundling strategy, with Cox immediately beginning a search to fill it. Both Rooney and the CMO will report directly to Brennan. In the interim, Rooney will continue to oversee marketing. "Joe's breadth and depth of knowledge in the branding area makes him the best fit for this role and it's where the company can best maximize his strengths," Brennan said in an internal memo obtained by **Cfax**. "I have a lot of respect for Joe having worked side-by-side with him for a number of years. He has built a strong team and a strong foundation over the past several years that we can leverage for our continued success." Rooney will help the company leverage and competitively position its brand, while bringing a strategic focus to Cox's social media presence. Rooney has created several high-profile campaigns for Cox over the years, including "Digital Max" and "Your Friend in the Digital Age." The CMO's reports will include *David Pugliese*, svp, product marketing, and *Tony Maldonado*, vp, acquisition & marketing sciences. Cox also plans to add a vp, bundling and pricing strategy. "We are evolving our structure for our technology, strategy, product and marketing areas of our business to better meet the needs of our changing environment," a Cox spokesman said. "This reorganization will support our long-term strategy and continue to give our customers the relevant products and services they expect from us." Cox recently instituted some other organization changes with CTO *Scott Hatfield* resigning and *Dallas Clement*, who had been serving as evp, chief strategy and product officer, seeing his title change to evp and chief strategy officer. Clement continues to report to pres *Pat Esser*. In addition to searching for a CTO, CMO and vp, bundling, Cox will hire someone to lead the company's product management.

Comcast's Latino Push: Comcast announced a series of commitments post-NBCU aimed at the Latino community, including naming a Latino to the board within 24 months. Comcast-NBCU will create a 9-member Hispanic Advisory Council to provide advice to sr execs and monitor company benchmarks. Other promises: increasing Latino representation at all levels of the organization; striving to increase the percentage of business conducted with Latino-owned vendors so that it's on par with the percent of Latino-owned businesses in the communities it serves;



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Dan Casciato, VP Eastern Region 630.379.8555 | Greg Bunch, VP Western Region 310.430.7548

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CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefaxdaily.com ● fax: 301.738.8453 ● Editor-in-Chief: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Exec Editor: Michael Grebb, 301.354.1790, mgrebb@accessintel.com ● Assoc Editor: Chad Heiges, 301.354.1828, cheiges@accessintel.com ● Asst VP, Ed Director: Seth Arenstein, 301/354-1782, sarenstein@accessintel.com ● Publisher: Debbie Vodenos, 301.354-1695, dvodenos@accessintel.com ● Assoc Publisher: Amy Abbey, 301.354.1629, aabbey@accessintel.com ● Marketing Dir: Carol Brault, 301.354.1763, cbrault@accessintel.com ● Prod: Joann Fato, 301.354.1681, cdaily@accessintel.com ● Diane Schwartz/VP and Group Publisher ● Subs/Client Services: 301.354.2101, fax 301.309.3847 ● Group Subs: Carol Brault, 301.354.1763, cbrault@accessintel.com

launching within 12 months of transaction close a new Spanish-language multicast channel on Telemundo's digital broadcast spectrum using library programming that has had limited exposure; adding programming nets that are American Latino-operated, English-language and American Latino networks with a majority and/or substantial ownership interest and expanding distribution of currently carried nets; and seeking to enhance participation of Latino students in internship and scholarship programs. Several Latino groups supported the pledges, including the **Hispanic Federation** and the **National Hispanic Media Coalition**, which has been vocal with criticism about the jv.

On the Hill: The **House Communications** subcmte passed amended legislation Wed aimed at improving communications and video accessibility for the disabled. It now heads to the full House Commerce cmte, but subcmte chmn *Rick Boucher* (D-VA) promised it is a work in progress. Republicans worry the bill could restrict innovation, with Ranking Member *Cliff Stearns* (R-FL) specifically concerned that service providers and device manufacturers would be hindered by having to make every feature available for every disability unless the FCC finds (following a complaint) that it's unachievable. Dems also believe the bill needs improvement, including Rep *Mike Doyle* (D-PA) and bill sponsor *Ed Markey* (D-MA). The bill would reinstate a video description requirement rule that was thrown out by the courts in '02, but apply it only to the top 25 DMAs. That worries both Markey and Doyle. "We need to think it through so that blind people are not disadvantaged just because they happen to live in a smaller, more rural part of the country," Markey said. **NCTA** said it appreciated the changes to be bill but believes further improvements are needed to develop targeted legislation with attainable goals.

Competition: **AT&T U-verse** bowed "My Multiview," a TV app allowing subs to choose the 4 channels they want simultaneously featured on-screen. Subs can pick up to 55 nets to populate the app and scroll through selections to find the 4 they want to watch. -- **Verizon Wireless** added full-length programming from **Azteca America** to its **Vcast Video** lineup.

Technology: **CableLabs** said its recent week-long Advanced Advertising Interop successfully demonstrated interoperability of the SCTE 130 standard across several ad interfaces, which should help drive **Canoe's** market deployments. Participating companies included **Avail-TVN, Nielsen, FourthWall Media, SeaChange** and **Arris**.

Inside the Beltway: **Comcast** lover **Free Press** (note sarcasm) launched an online tool that it says illustrates the millions funneled by major phone and cable companies to Washington. Comcast, **AT&T, Verizon** and **Time Warner Cable** are singled out at <http://corruptionroad.freepress.net/>. -- 150 nonprofits and allied organizations sent a letter to the **FCC** in support of protecting an open Internet and a proposal to reclassify broadband. Signatories include **Common Cause, NOW** and the **USC Annenberg School for Communication**.

Cable News: *Larry King's* decision to end his **CNN** talk show this fall after 25 years is yet another notable news item surrounding the net, now in its 30th year. "It's time to hang up my nightly suspenders," Twittered King Tues night, while later recommending *Ryan Seacrest* as a possible replacement. King said he wants to spend more time with his family and that CNN agreed to honor his wishes (King will still host specials on the net). The situation was different last month when *Campbell Brown* announced the ending of her show, citing ratings—perhaps the top CNN story this year. The net said its weekday prime ratings jumped 43% in Jun compared to May while noting how they also rose in each consecutive month during 2Q. Those are positive signs, but the net's recent ratings woes have helped **MSNBC** take over the 2nd spot among cable news nets behind **Fox News**. Continuing to tout its Web dominance, CNN has some important work to do with its prime schedule. To that end, the net recently selected former NY Gov *Eliot Spitzer* and journalist *Kathleen Parker* to host a nightly roundtable discussion program beginning this fall.

Online: **Hulu Plus** announced another connected TV partner just a day after its official launch, striking a partnership to deliver the subscription service to **Vizio** Internet apps HDTVs and Blu-ray players. **BTIG** analyst *Richard Greenfield*, meanwhile, spent Tues night using Hulu Plus on multiple screens and noted that the service still includes ads, offers a "very limited" number of movies, works on 3G networks but "not well," and appears to have the same TV content window as the free service (24 hours after linear debut). Greenfield believes the service is complementary to traditional TV, doesn't materially alter the risk of cord-cutting, and should benefit cable by increasing consumers' bandwidth demands.

Advertising: A new partnership with **Warner Music Group** gives **MTVN** the exclusive right to sell ad inventory around Warner's premium music video content in the US across digital properties, mobile services, and third-party affil sites.

HD: Just one month after **Cooking Channel's** debut, **Scripps Nets** has launched an HD feed of the channel. It made

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its bow at 6am ET Wed morning.

Programming: Nat Geo Wild picked up carriage on **DirectTV** for both its SD and HD versions, bringing distribution to more than 52mln homes and ending a stalemate dating back to the net's Mar launch. DirecTV had carried Nat Geo Wild predecessor

Fox Reality. -- **Starz** canceled future seasons of "Party Down" and "Gravity" without citing reasons, but **Starz Ent** evp, programming *Stephan Shelanski* said the net "remains committed to aggressively expanding our original programming lineup." -- **USA** acquired the exclusive syndication rights to **ABC's** "Modern Family," which will hit the net in fall '13. -- **IFC** picked up the rights to comedies "Freaks and Geeks" (Jul 2) and "Undecided" (fall). -- **Oxygen** acquired the basic syndic rights to **Fox's** "Glee" for air beginning in Jun '11. -- **A&E** greenlit original drama "Breakout Kings," in which 2 **FBI** agents use former fugitives to catch fugitives. -- *Elijah Wood* signed on to co-star in **FX's** comedy pilot "Wilfred," based on the Australian series of the same name. -- *Dee Snider* and family star in 7-ep **A&E** series "Growing up Twisted," July 27, 10pm debut.

People: **Logo** upped *Pamela Post* to vp, original prog. -- U of CO prof *Douglas Sicker* joins the **FCC** as CTO.

Business/Finance: **Playboy** expects to record a 2Q restructuring charge of approx \$3mln because of downsizing. The company expects the changes to result in annual savings of \$3mln.

CableFAX Daily Stockwatch

Company	06/30 Close	1-Day Ch	Company	06/30 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	33.92	(0.45)	AVID TECH:	12.73	(0.22)
DISH:	18.15	(0.27)	BIGBAND:	3.02	0.11
DISNEY:	31.50	(0.8)	BROADCOM:	32.97	(0.46)
GE:	14.42	(0.06)	CISCO:	21.31	(0.31)
NEWS CORP:	13.85	(0.26)	CLEARWIRE:	7.28	(0.04)
MSOS					
CABLEVISION:	24.01	0.16	COMMSCOPE:	23.77	(0.64)
COMCAST:	17.37	(0.31)	CONCURRENT:	4.71	0.04
COMCAST SPCL:	16.43	(0.19)	CONVERGYS:	9.81	(0.21)
GCI:	7.59	0.18	CSG SYSTEMS:	18.34	(0.51)
KNOLOGY:	10.93	(0.19)	ECHOSTAR:	19.09	0.08
LIBERTY CAPITAL:	41.82	(0.03)	GOOGLE:	444.95	(9.31)
LIBERTY GLOBAL:	25.99	0.00	HARMONIC:	5.44	(0.18)
LIBERTY INT:	10.50	(0.21)	INTEL:	19.45	(0.34)
MEDIACOM:	6.72	(0.15)	JDSU:	9.84	(0.43)
SHAW COMM:	18.03	(0.15)	LEVEL 3:	1.09	(0.02)
TIME WARNER CABLE:	52.08	(1.55)	MICROSOFT:	23.01	(0.3)
VIRGIN MEDIA:	16.69	(0.2)	MOTOROLA:	6.52	(0.28)
WASH POST:	410.48	(2.44)	RENTRAK:	24.33	(0.13)
PROGRAMMING					
CBS:	12.93	(0.32)	SEACHANGE:	8.23	(0.34)
CROWN:	1.76	0.01	SONY:	26.68	(0.16)
DISCOVERY:	35.71	0.25	SPRINT NEXTEL:	4.24	(0.04)
GRUPO TELEVISIA:	17.41	(0.28)	THOMAS & BETTS:	34.70	(0.61)
HSN:	24.00	0.68	TIVO:	7.38	0.26
INTERACTIVE CORP:	21.97	(0.22)	TOLLGRADE:	6.30	(0.14)
LIBERTY:	33.31	0.05	UNIVERSAL ELEC:	16.63	(0.03)
LIBERTY STARZ:	51.84	(0.51)	VONAGE:	2.30	(0.05)
LIONSGATE:	6.98	(0.01)	YAHOO:	13.84	(0.2)
LODGENET:	3.71	(0.04)	TELCOS		
NEW FRONTIER:	1.58	0.02	AT&T:	24.19	(0.27)
OUTDOOR:	4.67	0.19	QWEST:	5.25	(0.06)
PLAYBOY:	4.20	0.12	VERIZON:	28.02	(0.6)
SCRIPPS INT:	40.34	(0.93)	MARKET INDICES		
TIME WARNER:	28.91	(0.72)	DOW:	9774.02	(96.28)
VALUEVISION:	1.77	0.02	NASDAQ:	2109.24	(25.94)
VIACOM:	35.66	(0.44)	TECHNOLOGY		
WWE:	15.56	(0.02)	ADC:	7.41	0.01
TECHNOLOGY					
ADDVANTAGE:	2.82	(0.03)	ALCATEL LUCENT:	2.54	(0.06)
AMDOCS:	26.85	(0.16)	AMPHENOL:	39.28	(0.76)
AOL:	20.79	0.17	AOL:	20.79	0.17
APPLE:	251.53	(4.64)	APPLE:	251.53	(4.64)
ARRIS GROUP:	10.19	(0.02)	ARRIS GROUP:	10.19	(0.02)

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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Think about that for a minute...

Netflix Neutrality?

You already know I'm not neutral about Netflix. I've said the service is a model for what we should be doing. Nevermind the incredible mail service (I get my DVDs in one day after I mail one in) I'm talking about the Internet streaming service.

OK, I acknowledge it's not perfect. The newer films aren't available yet, and I had one of my "golden eye" engineering friends look at the picture I was getting (with high end equipment and fiber to the home, so that's not an issue) and he said the picture still leaves something to be desired so far. But I have to tell you, it's just fine for us on an evening when we just want to browse the library and pick a random film to watch.



Steve Effros

I have every reason to assume it will get better as Netflix starts offering higher-quality streaming. But there's

the rub. Netflix, with its "all you can watch" very good navigation system for selecting a film is already starting to swamp bandwidth delivery. It's not quite as big a problem, yet, as P2P, but then P2P is used primarily by the "power users": Netflix, or other video delivery providers of "OTT" (over the top) service will be used by everybody, and someone is going to have to pay for that bandwidth!

Let's make sure the consumer press and the regulators and legislators understand something about this issue right up front; it's not the bandwidth, in most instances, at the local level, the cable broadband delivery system, that's the problem. It's the so called "middle mile." Local cable systems have plenty of capacity to provide broadband. But each time a small community cable operator has to add another connection to the Internet, to the so-called "network access point" from his or her head-end, it costs money. Lots of it. And as the bandwidth

demands for use of something like Netflix grow, that company stops having to pay for a part of its "delivery" but someone else has to pick up the tab! Guess who!

The cable broadband supplier, the ISP, assuming they don't have their own "backbone" system to the network access point, is stuck at the moment with the bill. And we're talking about thousands of dollars a month for one connection, and more thousands for each additional connection forced on the operator by increasing bandwidth demand. That's the "choke point," and we don't control that infrastructure or those costs.

What to do? Well, we can't just "eat" the increased costs. That's a sure road to bankruptcy. For the larger systems using VOD in part to offset the cost of building the broadband infrastructure, it's a double whammy because they lose revenue from, as an example, movie delivery, at the same time they're asked to assume the costs of delivery that Netflix no longer pays! This can't continue.

The math just doesn't work.

So either we have to identify those companies employing the net that are imposing extraordinary costs on the network and figure out how they participate in paying for it, or we adopt usage based pricing to better reflect the costs of various uses, and thereby impose price restraints.

Some argue that the "big" companies, the ones that have a big stake in VOD, their own film studios, and the like are just saying all this to leverage their own positions. But take them out of the equation, and the math still doesn't work. We have to explain that to the powers that be. "Netflix Neutrality" could kill broadband.

Steve

T:703-631-2099
steve@effros.com

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Questions: Contact Jessica Clegg at jclegg@accessintel.com

Advertising Information Contact:

Debbie Vodenos, Publisher,
dvodenos@accessintel.com or 301.354.1695

Amy Abbey, Associate Publisher,
aabbey@accessintel.com or 301.354.1629

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