

# CableFAX Daily™

Tuesday — July 17, 2007

What the Industry Reads First

Volume 18 / No. 137

## Hard Knox: HGTV on the Hunt for New President

It's not every day a presidential post opens up at a top programming net with more than 90mln distribution. But so is the case at **HGTV**, with *Judy Girard* announcing plans to retire by the end of the year. We've heard buzz for a while that change is afoot, which makes sense given that a search for her replacement has actually been underway for months. **Carlsen Resources** was tapped to help find her successor. Handicapping who might get the gig is pretty difficult, especially considering it would require moving to **Scripps'** Knoxville, TN, HQ. (Here are some relocation incentives for you reluctant NY and L.A. types: Knoxville was rated #13 for best cities to reside for both US and Canada in the *Places Rated Almanac — Millennium Edition*; more importantly, it was dubbed the "Streaking Capital of the World" in 1974 by *Walter Cronkite*). Girard, 61, kept a relatively low profile as head of Scripps' largest net, making few appearances on industry panels, etc (again, locale may be to blame). "I have had an amazing time in television, and feel extremely fortunate to have spent the last 10 years at Scripps Networks running two of the best lifestyle networks in cable," said Girard, who previously led **Food Network**. "Now I am looking forward to spending more time with my husband and enjoying some of the lifestyle pursuits our networks have helped popularize." Under her tenure, HGTV has rebranded and launched more contemporary shows, including "Design Star" and "Color Splash."

**DTV Doings:** **NCTA** took a shot Mon at the **FCC's** plan to require dual carriage of must-carry broadcast stations if a cable system isn't all digital. The cable assoc notes that the FCC has twice rejected proposals requiring ops to carry both analog and digital signals. "The Commission should not throw sand into the gears of this transition by piling new, unnecessary and unconstitutional burdens on cable operators in the last few months leading up to Feb 17, 2009," NCTA wrote. **NAB**, of course, cheered the FCC proposal and asked the Commission to enact a streamlined complaint process as well for addressing signal degradation complaints by broadcasters. -- The **FCC** will hold a day-long "Digital TV Consumer Education Workshop" at its DC HQ, Sept 26. Agenda and speakers TBA.

**Adding It Up:** **TiVo's** "StopWatch Ratings Service" will henceforth provide monthly ratings of top commercials based on data from TiVo subs, including the most-watched, most time-shifted and least fast-forwarded spots. Not surprisingly, data from the initial "Top Commercial Rankings" report released Mon showed that spots on popular broadcast shows such as "American Idol" and "Grey's Anatomy" dominated the aforementioned categories. Of note: May ads for **AT&T Wireless** hit the top 10 for TiVo's total viewing and time-shifted viewing lists. StopWatch currently monitors **ABC, CBS, Fox, NBC, CW, TNT, TBS, USA, CNN, ESPN, Discovery Channel, Nickelodeon, MTV, Comedy Central** and **HGTV**.

**Spin City:** **Time Warner's** "complexity has, without doubt, become a liability in the public market," said **Pali Capital's** *Richard Greenfield* and *Mark Smaldon*, who expect a **Time Warner Cable** split-off to be 1 of the actions that management will soon take to address the problem. "Time Warner Cable is at a strategic disadvantage to its pri-

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mary peer in **Comcast**, as the company is essentially controlled by Time Warner, Inc,” the pair wrote. “TWC would have difficulty shifting its corporate focus toward businesses that would compete with its parent company, such as a major Internet portal strategy, national cable networks, etc.” Other expected actions include a buy back of at least \$14bn in stock, a split-off or sale of **AOL** and a sale of the publishing segment. “The four actions...would yield a TWX stock price of at least \$25 over the coming 12 months,” according to the pair, who upgraded the stock to ‘buy.’

**Net Neutrality:** If you miss the net neutrality rhetoric of '06, get your fix by perusing comments to the **FCC** on broadband industry practices. You'll find a lot of the same old arguments in the more than 25K filed comments. “The proponents of net neutrality have failed to make their case,” **NCTA** wrote Mon. “Rather than provide real world examples of problems, the best they can do is speculate about the harm that will result if regulators fail to actively regulate the Internet.” The cable group goes on to note that a recent FTC report found that policymakers should proceed with caution. Not to be outdone, the **Open Internet Coalition** proclaimed, “We are disappointed that the network operators declined to respond meaningfully to the questions posed by the NOI and instead rehashed their arguments that there is no problem in the broadband industry.”

**Competition:** Verizon tapped **Verizon Wireless** exec *Dick Lynch* for the new post of evp, CTO. He'll be responsible for managing overall direction, technology and planning for all of the telco's networks—Verizon Wireless, **Verizon Telecom** and **Verizon Business**.

**TCA Notebook:** As Cable **TCA** continued over the weekend, nets were busy pumping new and established projects. **Disney** pres, entertainment *Gary Marsh* confidently predicted that the Mouse juggernaut that began with “High School Musical” last year will continue indefinitely. “Music has become an essential building block,” he said. “It's part of our DNA.” Topping Disney's priority list is the Aug 17 debut of “High School Musical 2” and documentary “High School Musical: The Music in You” about a local TX high school's production of the Disney hit (Some 1,500 schools nationwide are producing their own versions). -- In an unusual move, **Showtime** said it will make the premiere of its new *David Duchovny*-starrer “Californication” available on DVD/download service Netflix on Jul 24, 3 weeks before the episode premieres on the linear net on Aug 13. -- **Turner Ent Nets** pres *Steve Koonin* announced the Aug 20 **Court TV** premiere of “Star Jones,” a daily live talk show by former “The View” panelist. The show will anchor the transition of Court TV to the **TruTV** moniker on Jan 1. In a potential publicity juggernaut for Turner, Jones said she'll reveal the full story of her weight loss in a *Glamour* article before the show premieres. -- **TNT** showcased its new show “Amazing Grace” with Academy Award winner *Holly Hunter* as a troubled cop who talks to an angel named *Earl*. It also featured “The Company,” a new 3-ep mini-series (premiering Aug 5) about the **CIA** during the cold war and starring *Chris O'Donnell* and *Michael Keaton*. -- **CNN** announced a 6-hr report “God's Warriors” in which *Christiane Amanpour* examines the growing global political power of religious fundamentalism. It also previewed CNN Presents doc “Planet In Peril” about global warming in which *Anderson Cooper* and *Sanjay Gupta* will travel the globe with **Animal Planet's** *Jeff Corwin*. -- **NBCU's USA** gave critics a peek at “To Love and Die” about a woman who joins her father's assassin enterprise, as well as *Mary McCormack* starrer “In Plain Site” about a federal marshal who specializes in the witness protection program. Both will premiere in '08. **Sci Fi**, meanwhile, announced it has ordered a 10-part webisode series of cult favorite “Farscape” for SciFi.com and pumped its Aug 10 series launch of “Flash Gordon,” which will reimagine the well-known



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# BUSINESS & FINANCE

comic hero. -- In a luncheon complete with gospel singers and soul food, **BET** said it will premiere 5 new shows this summer and 10 more in the fall, including "BUFU," an animated comedy series from comedian *Orlando Bloom*, and the provocative special "Hip Hop vs. America," which will examine the debate within the black community over hip-hop music's cultural influence. -- **IFC** evp/general manager *Evan Shapiro* announced that the net has secured rights for a 2nd season of sketch comedy show "The Whitest Kids You Know." The show had been airing on **Rainbow** sister net **fuse** but now will live at IFC. **AMC**, meanwhile, ably pumped its buzz-worthy new series about 1960s ad execs "Mad Men," premiering Jul 19.

**Programming:** **ESPN** and the **WNBA** agreed to an 8-year broadcast rights extension that covers 14 net platforms and includes expanded digital rights and intl rights. The contract calls for a minimum of 18 regular-season games on **ESPN2** and 2 on **ABC**.

**Marketing:** The **Biography Channel** launched Mon a re-branding effort that includes the adoption of **Bio** as its new moniker and the expansion of its original programming slate. Also featured: a new on-air look, a redesigned logo and a "True Story" tagline, along with a major trade and consumer marketing campaign. All new net productions will be shot in HD.

## CableFAX Daily Stockwatch

Company	07/16 Close	1-Day Ch	Company	07/16 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BRITISH SKY:	58.20	(0.04)	AMPHENOL:	37.07	(0.23)
DIRECTV:	24.94	0.00	APPLE:	138.10	0.37
DISNEY:	34.47	0.10	ARRIS GROUP:	17.38	(0.34)
ECHOSTAR:	43.92	(0.14)	AVID TECH:	38.01	0.62
GE:	40.12	0.62	BLNDER TONGUE:	1.71	0.01
HEARST-ARGYLE:	23.50	(0.32)	BROADCOM:	32.41	0.01
ION MEDIA:	1.39	0.00	C-COR:	15.07	(0.39)
NEWS CORP:	23.63	0.00	CISCO:	29.89	0.00
TRIBUNE:	29.65	(0.93)	COMMSCOPE:	62.43	0.26
<b>MSOS</b>					
CABLEVISION:	37.62	(0.61)	CONCURRENT:	1.82	(0.02)
CHARTER:	4.59	0.13	CONVERGYS:	24.21	(0.32)
COMCAST:	27.64	(0.33)	CSG SYSTEMS:	26.65	(0.18)
COMCAST SPCL:	27.48	(0.23)	GEMSTAR TVG:	6.56	0.11
GCI:	12.65	(0.09)	GOOGLE:	552.99	0.83
KNOLOGY:	16.95	0.05	HARMONIC:	9.13	(0.17)
LIBERTY CAPITAL:	124.85	(0.28)	JDSU:	15.57	0.05
LIBERTY GLOBAL:	44.09	(0.41)	LEVEL 3:	6.16	(0.04)
LIBERTY INTERACTIVE:	22.96	0.09	MICROSOFT:	30.03	0.21
MEDIACOM:	10.05	(0.02)	MOTOROLA:	18.16	0.26
NTL:	28.22	0.00	NDS:	46.68	(0.59)
ROGERS COMM:	42.97	0.00	NORTEL:	23.32	(0.18)
SHAW COMM:	46.38	0.73	OPENTV:	2.06	(0.05)
TIME WARNER CABLE:	40.02	(0.11)	PHILIPS:	43.75	(0.8)
WASH POST:	792.04	(7.96)	RENTRAK:	14.51	0.01
<b>PROGRAMMING</b>					
CBS:	34.87	0.32	SEACHANGE:	7.97	(0.12)
CROWN:	7.37	0.28	SONY:	52.47	(0.28)
DISCOVERY:	25.46	1.51	SPRINT NEXTEL:	22.37	0.67
EW SCRIPPS:	47.00	0.05	THOMAS & BETTS:	62.03	0.13
GRUPO TELEVISIA:	28.03	(0.69)	TIVO:	6.01	0.15
INTERACTIVE CORP:	33.04	(0.49)	TOLLGRADE:	10.27	(0.36)
LODGENET:	32.21	0.03	UNIVERSAL ELEC:	36.91	(1.6)
NEW FRONTIER:	8.66	0.11	VONAGE:	2.95	(0.05)
OUTDOOR:	11.61	0.14	VYYO:	6.83	(0.08)
PLAYBOY:	11.44	(0.21)	WEBB SYS:	0.13	0.01
TIME WARNER:	20.93	0.07	WORLDGATE:	0.46	(0.06)
UNIVISION:	36.23	0.00	YAHOO:	26.70	0.12
VALUEVISION:	11.46	(0.19)	<b>TELCOS</b>		
VIACOM:	42.11	0.23	AT&T:	40.18	(0.22)
WWE:	16.41	(0.06)	QWEST:	9.51	(0.13)
<b>TECHNOLOGY</b>					
3COM:	4.27	(0.01)	VERIZON:	42.76	1.00
ADC:	20.15	0.17	<b>MARKET INDICES</b>		
ADVANTAGE:	5.83	(0.07)	DOW:	13950.98	43.73
ALCATEL LUCENT:	14.24	0.18	NASDAQ:	2697.33	(9.67)
AMDOCS:	39.25	(0.59)			

# CORPORATE LICENSES



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## M.C. Antil's CableFolks

### Insight's Jain Quietly Leaving His Mark

Ask anyone in cable during the Carter administration about the old interactive network, QUBE, and you'll get hosannas, followed by something like, "It was a great idea, just ahead of its time." Trust me on this; years from now we'll be saying the same thing about Insight Communications.

Over the next 12 months Insight might just go away. Comcast will exercise an option to acquire Insight's systems in the Midwest. After that, it's anyone's guess. But it's safe to say the remaining systems could also be flying the colors of another MSO, perhaps by year's end.

And to be honest, that kills me. For my money—or as Tony Soprano might say, all due respect—but Insight is the best-run MSO in cable. Over the past three years, as other MSOs have bled video customers, Insight has actually gained a number of them. Part of Insight's success, of course, is a reflection on CEO Mike Willner, the ever-candid financial whiz who as chair of NCTA put the term "transparent accounting" on the lips of industry's CFOs—as well as many once-skeptical analysts.

But much of Insight's remarkable track record can be traced to its relatively unknown president, Dinni Jain. Jain is a North Carolina-raised son of two UNC educators. He bleeds Tar Heel blue and can quote chapter and verse on subjects about which he is passionate. But during the day, when he's on the clock, one thing drives Jain: the dogged pursuit of greatness. When we first met three years ago he was up to his eyeballs remaking Insight. Fueled by the best-seller *Good to Great*, he had reworked the reporting structure, turned over a number of district vice presidents, and rewrote the metrics by which growth got measured.

It was not an easy time, and many people were either shown the door or chose to leave. Those that stayed were those able to get their arms around Dain's mantra that good is the enemy of great; that habit is often the biggest



M.C. Antil

barrier to how things should, or could, be done. Of Insight's 14 systems, 10 got a new DVP.

The biggest change Dain made at Insight was to replace lofty numbers like operating cash flow with workable, trackable ones. He told me Insight was in the business of driving RGUs, and that there are nine key "upstream" activities that do that. As a result, Insight's DVPs spend their days walking around, listening to calls, talking to techs, and, ultimately, tracking numbers in nine key areas.

Jain mentioned that when he told Comcast he never talked to his DVPs about OCF, he received blank stares. "What do you talk about to them about,' they asked, 'the weather?'" He added, "Understand, how we increase OCF is different than most. We don't want to achieve OCF growth through rate increases and expense reduction, because we don't think that's competitively sustainable."

Instead, Insight asks its managers for a deep understanding of their system. In fact, even as the industry clustered and built mega-systems, Insight went the other way. Jain began reducing the size of systems to facilitate even greater top-of-mind knowledge by local managers.

He is not a big fan of mega-systems, noting that any entity can become too big to manage effectively or react to market shifts. "People talk about economies of scale, especially with programming costs" he said, "but rarely does anyone mention the dis-economies of scale."

Jain, who will discuss his holistic management philosophy at next week's CTAM Summit, talked about the potential demise of Insight. While admitting it won't be easy, he said he often reflects on something he told his new team following the 2004 turnover. "I told them we have a chance to do things that have, absolutely, not been done before in our industry. And given the fact we've put up some numbers that some MSOs could only dream about, I'd like to think that in some small way, we've done that."

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