

CableFAX Daily™

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What the Industry Reads First

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Kid Vid: FCC to Examine Children's Media; Rockefeller Likes 'Little Red Buttons'

The FCC is teeing up a notice of inquiry on the children's media that would address questions such as whether the Children's Television Act should be expanded to include more media (cable, Internet, etc). Newly installed FCC chmn *Julius Genachowski* delivered the news at Wed's Sen Commerce hearing on the nearly 20-year-old act. While the explosion of new media warrants another look at it, Genachowski noted that broadcast is still the prevalent form of TV for millions of homes and that the govt should continue to ensure that it provides educational programming. Most of the act relates to broadcast, including a requirement that stations air 3 hours of educational programming weekly. But the law's advertising component applies to cable and broadcast. Previously, the FCC recommended that interactive ads aimed at children should be banned without an opt-in from parents. "At this point, I think the agency should make that tentative conclusion final," Genachowski said. Currently, the FCC is preparing a report for Congress on the Child Safe Viewing Act, which focuses largely on technology. The chmn said the NOI would be a companion to that report, asking questions about the changed media landscape. Sen Commerce chmn *Jay Rockefeller* (D-WV), who has been very vocal with TV violence and indecency concerns, said he likes the idea of a "little red button" on TVs and remotes that parents could push to find out how a program is rated, what its "family values" are, etc. We're betting cable lobbyists will follow up and inform him that this button sounds similar to the "info" button on most digital cable remotes (sometimes, it's even red). Some video providers are taking things a step further, with **Common Sense Media** CEO *James Stever* testifying that **DirectTV** plans on adding Common Sense reviews to its IPG this fall. Common Sense, of which Genachowski was a founding board member, is a non-profit that provides family entertainment reviews on many types of media, including TV, Websites and movies (www.common-sensemedia.org). These conversations always raise First Amendment concerns, but the FCC chmn noted parents would prefer the govt not dictate what their children watch. "Every parent wants more and better programming across all media," with a simple way to determine the content, he said. **Nick & MTVN Family Group** pres *Cyma Zarghami* told the cmte that she believes TV serves families better now than in any previous generation. "After 30 years, we have a generation of young parents who knew us when they were kids," she said. "We've earned their trust, and look forward to continuing to earn it."

In the States: **Liberty Media** CEO *Greg Maffei* and **DirectTV Latin America** pres *Bruce Churchill* are reportedly the frontrunners for **DirectTV's** CEO post, with the *NY Post* reporting that **Comcast's** *Steve Burke* and **Cablevision's** *Tom Rutledge* also held meetings about the job, but did not pursue it further. Don't bet the farm on Maffei or Churchill yet, as sources warn it's early. -- **Comcast** completed the launch of its "Extreme" 50Mbps HSD service in Philly, including the PA counties of Bucks, Chester, Delaware and Montgomery, as well as southern NJ and northern DE. The speed upgrade began in Dec. The MSO says it has reached nearly 50% of all homes passed by its HSD with the wideband speeds (meaning about 25mln homes now have access). -- **Cablevision** deployed its WiFi service to NY's Rockland and Orange counties—a free enhancement for its Optimum high-speeds subs.



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Advertising: Turner on Wed confirmed that it was able to measure VOD ad exposure through its trial on Cox's MyPrimerime On Demand service. Since Dec '08, the programming has been available free to select Cox digital subs with fast-forward functionality disabled, the day after the shows' first run on linear broadcast. Cox and Turner reported a "meaningful lift" of nearly 10% based on C+3 measurements. "Our work with Turner demonstrates that consumers will view On Demand content, with advertising, and that this exposure can be measured," said Cox svp, programming Bob Wilson. "This is a major milestone that will enable more content and convenience for consumers," The trial included 8 Turner shows; Cox said it plans to "significantly increase" content available over MyPrimerime in the fall.

In the Courts: Before filing for bankruptcy, Charter held talks to sell itself to private equity and held separate discussions to raise cash with Comcast and Time Warner. That came out during the 2nd day of the MSO's hearing in US bankruptcy court in NY to seek approval of its prepackaged reorg plan, Reuters reported. Cfax was the 1st to report in Apr that Comcast had to turn down acquiring minority ownership in another cable op, presumably Charter, due to the FCC's horizontal ownership rule (Cfax, 4/27). Comcast is challenging the FCC rule in federal court, with a decision expected any day now. Jim Millstein, former co-head of restructuring at Lazard, testified Tues that Charter had tried to sell the company to interested parties, including private equity, as early as summer '07, Reuters reported.

At the Portals: The FCC Media Bureau granted James Cable's request for a set-top box waiver ban extension, meaning the small op can keep deploying boxes that don't include CableCARDs. James' most recent waiver expired June 23. The Bureau agreed to extend it until July 1, 2010 because of further deterioration of James' financial condition. -- FCC chmn Julius Genachowski has initiated a 60-day review of the FCC's data operations, including whether new data needs to be collected to support the Commission's mission and whether existing data-reporting requirements can be streamlined.

Online: Comcast teamed with KidZui to deliver an Internet portal for kids with safe access to online sites such as Webkinz and Homework Helper. Comcast HSD subs will have access to more than 2mln kid-friendly games, Websites and videos via KidZui. A Comcast edition of the portal is available at kidzui.comcast.net; a premium version is available for a fee.

On the Hill: Thurs' FCC oversight hearing by the House Communications subcmte has been postponed. Blame the health care debate. -- ION is gathering members of Congress, White House leaders and others in DC to celebrate the DTV transition on Tues. Consumers have until July 31 to apply for converter box coupons.

Programming: TV Guide Net acquired its 1st scripted series, ABC Studio's "Ugly Betty." When Season 4 bows on ABC in Oct, the net will repurpose eps within 2 weeks of their premiere. In fall '10, TV Guide can begin a weekly strip of "Ugly Betty." The deal, which includes previous seasons, makes TV Guide the exclusive basic cable home for the show. According to pres Ryan O'Hara, TVGuide.com polled visitors on shows they most want to watch and the America Ferrera comedy scored top marks. It's the 1st major move by Lionsgate since acquiring the net for \$255mln earlier this year. More is coming, promises O'Hara. -- CBS College Sports Net and the Army reached an exclusive 5-year deal, guaranteeing live, HD coverage of every Army home football game and select neutral site games in which Army is the home team. CSN's deal begins with the '10 season and runs through '14. A live Web stream of all Army's home broadcasts will be made available for free to soldiers and military personnel around the world via CBS College Sports Network XXL, the net's multi-media streaming platform. Army's current broadcast partner ESPN agreed to let CSN air all of the

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BUSINESS & FINANCE

Black Knight' home games this fall save Army-Rutgers, which will be on **ESPN2**. -- **GoITV** kicks off live coverage from Spain of the Peace Cup Andalucia, Fri-Aug 2. -- With "Kendra" ranking as **E!**'s most-watched series premiere since '02's "Anna Nicole Show" (2.5mln total viewers), it's not surprising the net's picked it up for a 2nd season that will begin early next year. -- In memory of *Walter Cronkite*, **Discovery** will dust off "Cronkite Remembers," an original 8-part series last seen on the channel in '97, Sun, 11am-3am. The late journalist takes a retrospective look at historical events.

People: **Nick** upped *Anne Mullen* to svp, **Nick** on-air creative strategy. -- More people news from **FCC** chmn *Julius Genachowski*. *Paul de Sa* was named chief of the office of strategic planning, while *Zachary Katz* was made deputy chief. *Jonathan Baker* will be chief economist. Current FCC chief economist *Michelle Connolly* will return to the econ dept at Duke.

On the Circuit: **Hallmark Movie Channel** has tapped *Billy Crystal*, *Marcia Gay Harden*, *Spike Lee*, *Debra Messing* and *Alec Baldwin* to judge student and alumni films, with the winners airing on the net next year as part of its "Film Positive" initiative.

Don't Forget: July 23 is the deadline to nominate executives for **CableFAX's 2009 Most Powerful Women in Cable**. Nominate on-line at: <http://www.cable360.net/cablefaxmag/2009topwomen.html>.

CableFAX Daily Stockwatch

Company	07/22 Close	1-Day Ch	Company	07/22 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	33.59	0.21	ADC:	7.84	0.07
DIRECTV:	24.67	(0.25)	ADVANTAGE:	1.92	0.03
DISH:	16.49	(0.68)	ALCATEL LUCENT:	2.51	0.02
DISNEY:	25.38	0.18	AMDOCS:	23.06	0.11
GE:	11.63	0.16	AMPHENOL:	33.93	0.51
HEARST-ARGYLE:	4.50	0.00	APPLE:	156.74	5.23
ION MEDIA:	1.44	0.00	ARRIS GROUP:	13.00	0.30
NEWS CORP:	11.37	0.08	AVID TECH:	13.08	0.24
MSOS					
CABLEVISION:	18.69	(0.19)	BIGBAND:	5.37	0.30
COMCAST:	14.15	(0.16)	BLNDER TONGUE:	1.52	0.14
COMCAST SPCL:	13.60	(0.12)	BROADCOM:	28.62	0.54
GCI:	7.15	0.01	C-COR:	11.00	0.00
KNOLGY:	8.50	0.05	CISCO:	21.45	(0.14)
LIBERTY CAPITAL:	13.45	(0.18)	CLEARWIRE:	7.92	0.68
LIBERTY ENT:	26.58	(0.19)	COMMSCOPE:	27.30	0.52
LIBERTY GLOBAL:	19.33	0.82	CONCURRENT:	5.17	0.10
LIBERTY INT:	6.07	(0.1)	CONVERGYS:	10.01	0.14
MEDIACOM:	4.66	(0.07)	CSG SYSTEMS:	13.92	0.12
ROGERS COMM:	42.97	0.00	ECHOSTAR:	14.76	(0.33)
SHAW COMM:	17.16	0.07	GOOGLE:	427.69	(0.21)
TELEWEST:	24.20	0.00	HARMONIC:	5.92	(0.18)
TIME WARNER CABLE:	32.25	0.39	INTEL:	19.14	0.24
VIRGIN MEDIA:	10.59	(0.01)	JDSU:	5.62	(0.08)
WASH POST:	395.48	10.38	LEVEL 3:	1.67	0.00
PROGRAMMING					
CBS:	7.29	0.06	MICROSOFT:	24.80	(0.03)
CROWN:	1.95	0.01	MOTOROLA:	6.40	0.06
DISCOVERY:	23.87	(0.04)	NDS:	62.93	0.00
EW SCRIPPS:	2.57	0.11	OPENTV:	1.28	0.01
GRUPO TELEVISA:	17.91	(0.1)	PHILIPS:	21.02	0.16
HSN:	10.56	0.44	RENTRAK:	19.32	0.54
INTERACTIVE CORP:	17.81	0.27	SEACHANGE:	8.53	0.22
LIBERTY:	28.06	0.17	SONY:	24.70	0.06
LODGENET:	3.97	0.09	SPRINT NEXTEL:	4.78	0.06
NEW FRONTIER:	2.18	0.05	THOMAS & BETTS:	25.95	(2.87)
OUTDOOR:	6.71	0.21	TIVO:	9.97	0.16
PLAYBOY:	2.40	(0.06)	TOLLGRADE:	5.25	0.06
RHI:	2.60	0.08	UNIVERSAL ELEC:	20.42	0.66
SCRIPPS INT:	31.12	0.11	VONAGE:	0.36	(0.02)
TIME WARNER:	26.79	(0.2)	YAHOO:	17.37	0.62
UNIVISION:	36.23	0.00	TELCOS		
VALUEVISION:	2.97	0.38	AT&T:	24.84	0.27
VIACOM:	24.77	0.40	QWEST:	3.92	(0.17)
WWE:	13.44	0.08	VERIZON:	30.13	(0.19)
TECHNOLOGY					
3COM:	3.76	0.02	MARKET INDICES		
			DOW:	8881.26	(34.68)
			NASDAQ:	1926.38	10.18

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Think about that for a minute...

Business Models

There are now more televisions per household (2.8) than there are people (2.5), according to the latest Nielsen survey. Folks are watching more television (over 58 hours per household per week) than ever before, and there are more television households (almost 115 million).

So there's "...got to be a pony in there somewhere" as the old joke punch line goes. In other words, there has to be a business plan that will continue to work regarding all those folks watching all that television. You wouldn't know it from all the talk these days about a "lack of a business model" to deal with the "new media world."



Steve Effros

What's that "new media world?" Well, of course given the numbers I just recited, television is a big part of it.

The issue seems to be how folks are going to be watching television. But I'm not sure that's true.

Yes, we now have "mobile" TV. People can watch television on their phones. They can watch "TV Everywhere" on their laptops waiting for an airplane, or indeed, prop the laptop up in a hotel room while they're on a trip and view the signals from their "home" television supplier, either "slinging" it over the Internet or plugging right in to a distributor instead of watching that larger set sitting right there in the room.

But why? And for how long? There are a lot of technology types who seem intent on looking at short-term trends and interpolating those into long-term realities. Having taken that jump, they then demand a "business model" that responds to that supposed long-term image. But a lot of those images quickly fade. Let's take the one about using the ubiquitous laptop.

That same laptop-centric view prompted a lot of cities to decide that they had to get into the broadband business using WiFi, so everyone could sit outside, or at the airport, using their computers.

Well, to be sure, there are folks now using their computers while sitting cross-legged in the grass in the park, and stranded air travelers can be seen in many airports playing solitaire on their computers. But that was no business plan. It died a hasty death.

Seems that folks may like "laptops" because they are more compact and now just as powerful as the older

"desktops," but they are generally still being used at a desk! And more folks are leaving them home today than before, preferring to simply rely on their iPhone or the equivalent to keep up with email, or yes, play solitaire. The whole premise is faulty.

Now I'm not saying that "portable" television won't be a factor in the future. It will. But does that fundamentally change the core number of folks who will continue to enjoy watching more and more video entertainment at home on larger, flatter television sets? Well, the numbers seem to indicate a clear answer to that question; no. To be sure, we have to continue to make sure our services are up to the task of satisfying diverse wants and needs, but the business model of delivering high quality video and data to the home—primarily for home consumption and use—is alive and well and doesn't look like it is in any immediate need.

Some other businesses are not so lucky, and I want to explore those at length in future columns because they inevitably affect what the cable industry is doing. After all, we provide the core infrastructure for delivery of both video and broadband information. Things are, indeed, changing in lots of ways, and we have to stay on top of that.

For instance, the newspaper business is in real trouble. Ironically, one of the more prevalent thoughts for helping that industry is to allow it to consolidate and sell their journalistic products in a package. That, for instance, is what the Kindle DX business plan from Amazon proposes. This at a time when the cable industry just finished fending off a determined effort to force us to "unbundle" our offerings (now averaging 165 digital channels per household) and sell them "a la carte!" The precise business model apparently no longer sustainable for print media.

There's no question, this is complicated. There really is a need to deal with the impact of "search" on the Internet, aggregated news, paying for good journalism and the rest. We have to explore the options.

But one thing seems clear: our business model is just fine, thank you.

Steve

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