

# CableFAX Daily™

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What the Industry Reads First

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## DVR Dealing: RCN to Soon Make TiVo Boxes Default DVR

While **Comcast** and **Cox** are using **TiVo** middleware in their set-tops, **RCN** is opting to use TiVo boxes going forward, announcing that the DVR maker will be its primary DVR platform next year. "We hope the competition continues to follow that path because what they've done is taken the TiVo software and stripped it down and dumbed it down to run in a less optimal environment," said *Jason Nealis*, RCN's sr dir, video ops and Internet systems. "We're harnessing both the TiVo hardware and software to launch all these fun features and really take advantage of the advanced processing." The MSOs would probably not agree with his assessment, but RCN's TiVo offering (available only to broadband subs) will have all the bells and whistles, including the ability to download movies from **Amazon** Video on Demand while still be fully integrated into RCN's VOD library. The company hopes that will give it a competitive edge. Deal terms weren't announced, nor was there any word on exactly what TiVo model RCN will use. The 2 are working to configure TiVo hardware and software capabilities to fit subs' needs, a TiVo rep said. The co-branded TiVo boxes will be available to new RCN customers starting in Jan, with the boxes gradually made available to existing subs (who currently have Motorola DVRs). Comcast has rolled out TiVo software in its Moto DVRs to parts of New England, and has said it will make TiVo the default DVR in an unnamed tru2way market (no word on a launch). It will still use the Comcast DVR with TiVo software in that market, saying that doing so marries the TiVo experience with its vast VOD library. Cox is currently engaged in trials, also opting to use TiVo software in its boxes. So, how did TiVo get a provider to go for its hardware and software? "We saw the leap frog opportunity for our own roadmap and customer service experience by plugging into the great innovations they've already developed, and we expect them to continue to develop," said RCN evp, CFO *Mike Sicoli*. "Frankly, we don't have the resources or the time to try and build all this stuff ourselves, and you would argue looking at the performances of some of our big peers, money isn't the thing that solves it because they clearly haven't figured a lot of this stuff out... All the things these guys have struggled to cobble together is there in 1 box." RCN also reported 2Q results Tues, posting revenue of \$192mln (+4% YOY) while its net loss narrowed to \$9mln from \$17mln in 2Q08. EBITDA increased 18% to \$56mln.

**Earnings:** Released during **Discovery Channel's** annual "Shark Week" stunt, **Discovery Comm's** 2Q results show ratings growth is helping the company bite back in a still-challenging ad market. US nets posted a 1% YOY increase in



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The Nielsen Company, Live, Cov AA%, P2+, Design Star 4 Premiere (7/19/09 10-11PM) vs all DS season premiere episodes (6/8/08 9-10PM), (7/22/07 9-10PM), (7/23/06 9-10PM). Up 20% = Live, Reach(000), 6 minute qualifier, P2+, DS 4 Premiere vs DS 3 Premiere (6/8/08 9-10PM). Qualifications available on request.

**Scrippsnetworks**

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ad rev (flat sequentially), while the group's overall prime ratings among 25-54s jumped 12%. But while **Animal Planet** delivered a 30% surge in the demo and **TLC** achieved 21% growth among women 25-54, Discovery expects overall 3Q ad rev to remain flat as some of its emerging nets remain pressured. "An impression was an impression before and now getting people into some of our smaller networks [is] a little bit more of a challenge," said pres/CEO *David Zaslav*. "This market is really week-to-week." Since current scatter pricing exceeds prior year upfront prices, said Zaslav, the company's retaining additional ad inventory and banking on "ratings momentum combined with a balanced portfolio" to enhance market share and maximize ad rev going forward. 3Q cancellations are running at approx the same level as 2Q, he said, and the female demo is stronger than the male demo, the male 25-54 demo stronger than the male 18-49. US nets' affil rev rose 5% on higher rates and expanded digital distribution. Other notes: DISCA has invested \$70-\$80mln so far in the **Oprah Winfrey Net**, still slated for launch early next year, and **Military Channel** and **FitTV** are being evaluated to determine if their brands still mesh with the company's overall thrust. -- **Knology** posted a 6% increase in rev to \$108mln but a 8800 drop in total connections, including -4300 video, -3100 voice and -1500 data. Business connections rose by 1200 to 104K. -- **Frontier Comm** shed 28K access lines in 2Q while adding 14K HSI subs and 11K **DISH** subs.

**In the Courts:** The **US Patent and Trademark Office** preliminarily rejected 2 claims surrounding **TiVo's** DVR patent, adding further intrigue to the **TiVo/DISH** patent litigation that continues to rage. While TiVo maintains the decision "will not affect" the most recent case developments (*Cfax*, 7/16) and came without a chance for argument and rebuttal, DISH believes it's "highly relevant to the issues on appeal as well as the pending sanctions proceedings" in TX district court. At least on Wall St Wed, both TiVo (+3.4%) and DISH (+4.2%) were winners.

**Ratings:** It was John & Kate minus millions Mon night, as the return of **TLC's** "Jon & Kate Plus 8" averaged a 3.2 HH rating and 4.1mln total viewers for 2 eps—solid but far below the 7.56 avg rating garnered by 2 Jun eps that led cable for the month. -- The season finale of **E!'s** "Kendra" earned a 1.74 HH rating and more than 2.1mln total viewers to become the net's highest-rated 1st season finale since '02. -- The Sun ep of **HBO's** "True Blood" got a series-high 4.3mln total viewers.

**Technology:** **Digeo** unveiled the "Moxi Mate" digital media player, which connects the Moxi HD DVR over the home network so users can play back recorded programs in other rooms. The small STB also can play media files available from the home network or the Internet on a TV in any room in the house. Existing Moxi HD DVR customers can purchase the Moxi Mate at the discounted price of \$199. Digeo is offering a limited time bundle (\$200 savings) of \$999 for both boxes.

**At the Portals:** **FCC** chmn *Julius Genachowski* named a dozen senior staffers, including former **Pew Internet & American Life Project** assoc dir *John Horrigan*, to the team working on the national broadband plan. The plan is due to Congress by Feb 17. *Erik Garr*, who is on leave from **Diamond Mgmt and Tech Consultants**, was named gm of the team. The chmn has called an all-hands-on-deck meeting at the FCC Wed to discuss the upcoming staff workshops.

**In the States:** **Comcast** added **Speed HD**, **FX HD** and **Fox News Channel HD** in its Trenton and Lambertville, NJ, systems, as well as in parts of Philly. Tues' launches make the nets available across all of Philly. -- According to reports, North Korea leader *Kim Jong Il* issued a special pardon Tues for 2 journalists working for former veep *Al Gore's* **Current TV**. The pardons came following a request from former pres *Bill Clinton*.

**Cable Handoff:** With the **Arena Football League** reportedly set to suspend its operations indefinitely, the scoreboard



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# BUSINESS & FINANCE

tallying fringe football on cable shifts in favor of **Versus** over **ESPN**, which once provided AFL coverage and even held an equity interest in the league. Enter the **UFL**, a fledgling league backed in part by **AOL** chmn/CEO *Tim Armstrong* and set to kick off in Oct with 4 teams and the Buffalo Bill's former starting QB *J.P. Losman* as its headline player. Versus agreed to air 8 league games this season, primarily on Thurs nights and all in HD.

**Advertising/Marketing:** **Lifetime**, **The Weinstein Co**, **L'Oreal Paris** and **Garnier** inked a promotion and sponsorship deal surrounding the net's "Project Runway" and "Models of the Runway," whereby the latter 2 will serve as the official category sponsors of the shows for the next 2 seasons.

**Programming:** **ABC/ESPN's** '09-'10 regular season **NBA** coverage features 90 games, 75 to air on the sports net and all including flexible scheduling. **TNT's** schedule includes 53 games, all in prime. -- **A&E's** doc "Extreme Interventionist: The Man Behind the Cleaner" (Aug 11) spotlights former addict *Warren Boyd*, the inspiration behind the net's original "The Cleaner." -- **Fox Reality's** fall lineup includes originals such as "Househusbands of Hollywood" (Aug 15) and acquisitions such as the 1st season of **MTV's** "A Shot at Love with Tila Tequila"

**People:** *Stacey Escudero* was named to the newly created post of vp, business public relations, **MSG Sports**.

## CableFAX Daily Stockwatch

Company	08/04 Close	1-Day Ch	Company	08/04 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BRITISH SKY:	36.29	0.25	APPLE:	165.55	(0.88)
DIRECTV:	26.15	(0.13)	ARRIS GROUP:	12.56	0.24
DISH:	18.18	0.73	AVID TECH:	12.98	0.30
DISNEY:	25.64	0.12	BIGBAND:	5.60	(0.28)
GE:	13.82	0.10	BLNDER TONGUE:	1.99	0.06
NEWS CORP:	12.27	(0.11)	BROADCOM:	28.66	0.24
<b>MSOS</b>					
CABLEVISION:	20.95	(0.36)	CISCO:	22.44	(0.13)
COMCAST:	15.40	0.27	CLEARWIRE:	8.25	(0.49)
COMCAST SPCL:	14.69	0.49	COMMSCOPE:	26.29	0.26
GCI:	7.06	(0.02)	CONCURRENT:	5.31	0.07
KNOWLOGY:	8.80	0.14	CONVERGYS:	10.43	0.04
LIBERTY CAPITAL:	15.79	0.28	CSG SYSTEMS:	16.48	(0.02)
LIBERTY ENT:	28.27	(0.15)	ECHOSTAR:	14.83	(0.02)
LIBERTY GLOBAL:	21.38	0.38	GOOGLE:	453.73	1.52
LIBERTY INT:	7.08	(0.05)	HARMONIC:	6.77	(0.1)
MEDIACOM:	5.38	0.30	INTEL:	19.32	(0.05)
SHAW COMM:	17.69	0.03	JDSU:	6.02	0.11
TIME WARNER CABLE:	34.82	0.58	LEVEL 3:	1.27	0.05
VIRGIN MEDIA:	11.43	0.21	MICROSOFT:	23.77	(0.06)
WASH POST:	467.75	(8.44)	MOTOROLA:	7.24	(0.01)
<b>PROGRAMMING</b>					
CBS:	8.93	0.02	OPENTV:	1.47	(0.03)
CROWN:	1.90	(0.09)	PHILIPS:	23.61	(0.08)
DISCOVERY:	24.98	(0.41)	RENTRAK:	17.66	(0.54)
EW SCRIPPS:	4.65	(0.03)	SEACHANGE:	9.85	0.48
GRUPO TELEVISIA:	18.25	(0.05)	SONY:	28.00	(0.62)
HSN:	10.32	(0.16)	SPRINT NEXTEL:	4.05	0.02
INTERACTIVE CORP:	18.32	(0.2)	THOMAS & BETTS:	27.50	0.41
LIBERTY:	32.23	0.15	TIVO:	10.98	0.36
LODGENET:	5.12	0.01	TOLLGRADE:	5.70	(0.06)
NEW FRONTIER:	2.22	0.16	UNIVERSAL ELEC:	22.01	0.17
OUTDOOR:	7.84	0.08	VONAGE:	0.48	0.04
PLAYBOY:	2.44	0.04	YAHOO:	14.51	0.17
RHI:	2.71	0.09	<b>TELCOS</b>		
SCRIPPS INT:	33.06	0.44	AT&T:	26.27	0.04
TIME WARNER:	28.07	0.81	QWEST:	3.91	(0.08)
VALUEVISION:	3.53	0.29	VERIZON:	31.86	(0.17)
VIACOM:	25.26	0.23	<b>MARKET INDICES</b>		
WWE:	13.62	(0.1)	DOW:	9320.19	33.63
<b>TECHNOLOGY</b>					
3COM:	3.91	0.07	NASDAQ:	2011.31	2.70
ADC:	7.43	0.22			
ADDVANTAGE:	1.99	0.04			
ALCATEL LUCENT:	3.07	0.10			
AMDOCS:	24.56	0.00			
AMPHENOL:	34.06	(0.31)			



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