

# CableFAX Daily™

Monday — September 14, 2009

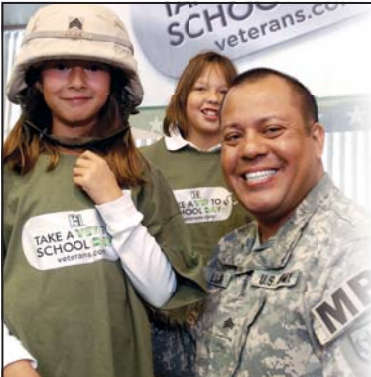
What the Industry Reads First

Volume 20 / No. 175

## Good Company: Cable Ops Tapping Commercial Services For Growth

Although somewhat under the radar, business services remain a promising source of additional rev for cable ops. “The biggest opportunity we have is the commercial sector,” said **Time Warner Cable** chmn/CEO *Glenn Britt* at the **Bank of America** conference this week. The MSO already owns the 6th largest share (through Jun) of the US business Ethernet market based on enterprise port installations, according to **Vertical Systems Group**, and Britt projects a top-end rev range of \$9-\$15bln. TWC recently “stumbled a bit in [commercial] execution,” but Britt said the segment is improving once again with a wealth of sales associate hires. He also foresees small acquisitions in the sector over time. As of June 30, the MSO counted 289K commercial HSD subs, flat versus a year ago, and 48K commercial phone subs (+200%). Not yet included in Vertical’s top 9 is **Comcast**, which currently notches approx \$800mln/yr in commercial rev with 50% annual growth, said COO *Steve Burke* at the conference. One-third of the MSO’s cash flow growth stems from the segment, he said, noting a forecast of \$2.5bln in rev from businesses by ’12. As business services rev jumped 51% in 2Q to \$198mln, the MSO is stoking additional growth in the space through **DOCSIS 3.0**. Comcast recently launched commercial broadband speeds of 100Mbps in Minneapolis/St. Paul, and a market-by-market rollout lies ahead. **Cablevision**, meanwhile, joined Burke in underscoring the healthy margins inherent to commercial services, and targets commercial rev of \$3.5bln from business services div Optimum Lightpath. The div, which accounted for 3% of CVC’s consolidated rev, net of inter-segment eliminations, for the six months ended Jun 30, delivered \$124mln (+3%) in rev over the same period. All cable ops, however, continue to chase **AT&T**, which posted the largest commercial share increase from Jan-Jun to swell its overall lead, said Vertical. **Verizon** is 2nd, **TW Telecom** 3rd, and fewer than 4 share points separate **Cox** (4th), **Qwest** (5th), Time Warner Cable, **Cogent** (7th), **XO Comm** (8th) and **Level 3** (9th).

**Seriously Squabbling:** After a week-and-a-half cease fire, **Tennis Channel** broke the silence Fri, swatting at **Cablevision** for its upcoming, broad launch of its own **MSG Varsity** channel. “We at Tennis Channel certainly have great respect for high school sports as well. But with telecast rights to all 4 Grand Slams—including the US Open—among 70 other tournaments worldwide, thousands of hours of live HD coverage and ratings competitive with many of cable’s biggest networks, it is disappointing that the sole criterion we lack for expanded carriage is ownership by Cablevision,” Tennis said in a statement, noting that Varsity is the 2nd CVC-owned network to recently gain nearly full distribution (**Rainbow-owned Wedding Central** launched on CVC last month). Asked whether Tennis might file a program access complaint at the FCC, a spokesperson said, “This is a very serious matter, and we are looking further into all aspects of the situation. We are keeping all options open.” Cablevision’s retort borrowed from *John McEnroe*’s famous Wimbledon meltdown. “They can not be serious,” the statement began. “We have a valid agreement to carry the Tennis Channel, and it is not our fault that they are angry about being held to the terms of a contract they willingly entered into. Maybe the Tennis Channel should spend less time issuing bizarre press statements and more time reading the binding agreement they signed that requires them to make the



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network available to any Cablevision customer who wants it." Cablevision and **NCTC** say the MSO has an agreement to carry the net through the co-op. Tennis has expressed doubts, saying it will decide what steps to take when ready to do so.

**In the Zone:** **RCN** and **AT&T U-Verse** are the latest to sign on to carry **NFL's RedZone** channel, which debuts Sun. Don't be surprised if RCN touts itself as the only operator in NY to offer the net, with **Time Warner Cable** and **Cablevision** not carrying it or **NFL Net**. **DISH** and **Verizon FiOS** (which are available to part of NY) also have signed on for RedZone, so has **Comcast**—the lone, big MSO with a deal. Like Verizon, RCN will make the net available for a \$49.99/season subscription. NFL RedZone will be available on U-verse's HD Premium Tier, which is available to U-verse HD subscribers for an additional \$5 per month. DISH and Comcast are carrying it on a sports tier. Verizon announced that it will launch a RedZone widget this weekend, providing 1-stop access to NFL stats and the channel. RedZone subs can also set up on-screen alerts for whenever a team is moving into the 20-yard line. Once set, the alerts pop up on the bottom of the screen while a sub is watching any FiOS channel. Pressing OK will take viewers straight to RedZone.

**Cool Jules:** FCC chmn *Julian Genachowski* posted his 1st video blog at [blog.broadband.gov](http://blog.broadband.gov). Sadly, he doesn't show off any **YouTube**-worthy dance moves, but he does explain why the National Broadband Plan is so important and urges wide participation in FCC doings. More video blogs are to come—and not just from the chairman. We're hoping next time the FCC gets a little more creative and debuts the National Broadband Rap. We've already penned the 1st verse. "You take the unserved. Give them what they've deserved. At least 7-6-8 k-b-p-s and give 'em nothin' less. Peace. FCC out!" The FCC also launched on the crowd-sourcing platform, **Ideascale** ([www.broadband.gov/ideascale](http://www.broadband.gov/ideascale)). Crowd-sourcing allows the online community to discuss, evaluate and rank ideas. It's also hooked into **Facebook** and **YouTube** (links available at [www.fcc.gov/connect](http://www.fcc.gov/connect)) and is launching [www.fcc.gov/rss](http://www.fcc.gov/rss) as a central repository of data feeds from the agency.

**Competition:** **Verizon Wireless** said **ESPN Mobile TV** will stream select college football games directly to customers' handsets through **V Cast Video**, including UCLA-Tennessee on Sat and Utah-Oregon on Sept 19. -- **DirectTV** touted its forthcoming coverage of more than 300 European soccer matches through several nets, and will offer a free trial of its Sports Pack from Mon-Wed and of **Setanta Sports** from Mon-Sun to coincide with the initial 2 **UEFA Champions League** group stage match days (Tues and Wed). For the 1st time, it also will offer a soccer-dedicated Mix Channel.

**In the States:** **Time Warner Cable** and **Media General** appear to be friends again. **WBTW**, the **CBS**-affil in the Grand Strand area of SC, will return to the Georgetown and Williamsburg systems that dropped it last month. It's a duplicate CBS feed in the market. After TWC dropped it, Media General filed an emergency enforcement complaint at the **FCC**, claiming TWC didn't provide it with proper notice. Similar complaints were filed after the MSO dropped other Media General stations. A Media General rep didn't immediately know whether the broadcaster would withdraw those complaints.

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# KEYNOTE FROM THE SOCIAL MEDIA MOUNTAINTOP



KEYNOTE SPEAKER  
**CHRIS HUGHES**  
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Founder, My.BarackObama.com

Presented by **We**<sup>TV</sup>  
Simply Fascinating



You could say he "wrote the book" on social media. Only the **23rd Annual NAMIC Conference** will feature Chris Hughes, the co-founder of Facebook and the mastermind behind My.BarackObama.com, two of the most successful start-ups in modern history.

At 25 years old, Hughes forever influenced the direction of technology and new media, which has created a paradigm shift within the communications industry. Hughes has helped hatch Facebook from his dorm room at Harvard, created the campaign apparatus that helped elect President Obama, and revolutionized the Web as a political tool.

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**CableFAX Week in Review**

Company	Ticker	9/11 Close	1-Week % Chg	YTD %Chg
<b>BROADCASTERS/DBS/MMDS</b>				
BRITISH SKY:	BSY	35.92	1.70%	29.50%
DIRECTV:	DTV	25.54	2.00%	11.50%
DISH:	DISH	17.56	1.90%	58.30%
DISNEY:	DIS	28.42	9.70%	26.70%
GE:	GE	14.67	5.80%	(2.5%)
NEWS CORP:	NWS	13.71	6.20%	44.40%
<b>MSOS</b>				
CABLEVISION:	CVC	24.32	5.00%	47.40%
COMCAST:	CMCSA	17.21	5.40%	3.90%
COMCAST SPCL:	CMCSK	16.52	3.90%	4.30%
GCI:	GNCMA	6.82	(1.2%)	(15.7%)
KNOLOGY:	KNOL	7.75	5.40%	50.20%
LIBERTY CAPITAL:	LCAPA	21.71	9.50%	360.90%
LIBERTY ENT:	LMDIA	29.25	4.20%	67.30%
LIBERTY GLOBAL:	LBTYA	24.23	5.10%	52.20%
LIBERTY INT:	LINTA	10.35	6.60%	231.70%
MEDIACOM:	MCCC	5.59	7.90%	30.00%
RCN:	RCNI	9.53		
SHAW COMM:	SJR	17.54	0.40%	5.00%
TIME WARNER CABLE:	TWC	40.75		
VIRGIN MEDIA:	VMED	12.42	5.30%	152.90%
WASH POST:	WPO	458.81	4.90%	20.30%

Company	Ticker	9/11 Close	1-Week % Chg	YTD %Chg
<b>PROGRAMMING</b>				
CBS:	CBS	11.76	10.90%	46.00%
CROWN:	CRWN	1.74	2.40%	(38.9%)
DISCOVERY:	DISCA	28.34	8.60%	100.10%
EW SCRIPPS:	SSP	7.63	8.80%	246.30%
GRUPO TELEVISIA:	TV	18.03	5.90%	29.40%
HSN:	HSNI	12.58	14.10%	73.00%
INTERACTIVE CORP:	IACI	19.27	2.60%	22.40%
LIBERTY:	L	33.78	2.90%	20.20%
LODGENET:	LNET	6.93	8.50%	890.00%
NEW FRONTIER:	NOOF	2.20	0.50%	29.40%
OUTDOOR:	OUTD	7.03	2.00%	(6.1%)
PLAYBOY:	PLA	3.11	16.50%	44.00%
RHI:	RHIE	3.30	25.50%	(59.4%)
SCRIPPS INT:	SNI	35.52	6.40%	62.90%
TIME WARNER:	TWX	29.30	4.40%	33.50%
VALUEVISION:	VVTV	3.20	2.60%	869.70%
VIACOM:	VIA	27.59	4.50%	37.10%
WWE:	WWE	14.17	(1%)	44.10%

Company	Ticker	9/11 Close	1-Week % Chg	YTD %Chg
<b>TECHNOLOGY</b>				
3COM:	COMS	4.68	16.40%	105.30%
ADC:	ADCT	8.60	7.00%	57.70%
ADVANTAGE:	AEY	2.20	5.30%	23.60%
ALCATEL LUCENT:	ALU	4.07	13.40%	89.30%
AMDOCS:	DOX	26.11	4.80%	42.80%
AMPHENOL:	APH	38.42	8.50%	60.50%
APPLE:	AAPL	172.16	1.10%	101.70%
ARRIS GROUP:	ARRS	13.14	(0.1%)	65.30%
AVID TECH:	AVID	13.60	8.40%	24.70%
BIGBAND:	BBND	3.92	0.30%	(29%)
BLNDER TONGUE:	BDR	1.20	(3.2%)	18.80%
BROADCOM:	BRCM	30.19	6.10%	77.90%

Company	Ticker	9/11 Close	1-Week % Chg	YTD %Chg
CISCO:	CSCO	23.09	5.70%	41.70%
CLEARWIRE:	CLWR	8.32	10.90%	109.60%
COMMSCOPE:	CTV	29.68	14.00%	91.00%
CONCURRENT:	CCUR	4.51		32.40%
CONVERGYS:	CVG	11.01	2.10%	71.80%
CSG SYSTEMS:	CSGS	15.04	0.70%	(13.9%)
ECHOSTAR:	SATS	18.19	1.10%	22.30%
GOOGLE:	GOOG	472.14	2.30%	53.50%
HARMONIC:	HLIT	6.89	5.00%	22.80%
INTEL:	INTC	19.51	(0.7%)	47.30%
JDSU:	JDSU	7.46	5.70%	102.20%
LEVEL 3:	LVL	1.32	13.80%	88.60%
MICROSOFT:	MSFT	24.86	1.00%	30.60%
MOTOROLA:	MOT	8.68	12.30%	97.10%
OPENTV:	OPTV	1.33	3.90%	8.10%
PHILIPS:	PHG	24.62	8.00%	33.20%
RENTRAK:	RENT	15.89	(0.4%)	34.80%
SEACHANGE:	SEAC	7.68	0.70%	6.50%
SONY:	SNE	27.27	2.90%	24.70%
SPRINT NEXTEL:	S	3.77	(1%)	106.00%
THOMAS & BETTS:	TNB	28.90	2.90%	20.30%
TIVO:	TIVO	10.80	3.70%	50.80%
TOLLGRADE:	TLGD	5.62	(1.4%)	17.60%
UNIVERSAL ELEC:	UEIC	20.23	17.20%	24.70%
VONAGE:	VG	1.62	8.00%	145.50%
YAHOO:	YHOO	15.59	7.50%	27.80%

Company	Ticker	9/11 Close	1-Week % Chg	YTD %Chg
<b>TELCOS</b>				
AT&T:	T	26.66	4.50%	0.70%
QWEST:	Q	3.72	7.50%	11.00%
VERIZON:	VZ	31.26	2.20%	(1%)

Index	9/11 Close	1-Week % Chg	YTD %Chg	
<b>MARKET INDICES</b>				
DOW:	INDU	9605.41	1.70%	9.40%
NASDAQ:	COMPX	2080.90	3.10%	32.00%

**WINNERS & LOSERS**

**THIS WEEK'S STOCK PRICE WINNERS**

COMPANY	CLOSE	1-WK CH
1. RHI:	3.30	25.50%
2. UNIVERSAL ELEC:	20.23	17.20%
3. PLAYBOY:	3.11	16.50%
4. 3COM:	4.68	16.40%
5. HSN:	12.58	14.10%

**THIS WEEK'S STOCK PRICE LOSERS**

COMPANY	CLOSE	1-WK CH
1. BLNDER TONGUE:	1.20	(3.2%)
2. TOLLGRADE:	5.62	(1.4%)
3. GCI:	6.82	(1.2%)
4. SPRINT NEXTEL:	3.77	(1%)
5. WWE:	14.17	(1%)

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**Speaker Snapshot\***

- Marc Goldstein, Group M
- Peggy Green, Zenith Media
- Steve Lanzano, MPG
- Steve Sturm, Toyota
- Mark Owens, Vanguard Entertainment
- Jon Stimmel, Unilever
- Pam Zucker, MediaVest

\*Subject to change

# MaxFAX...

## The Slowest Wildfires...

Up near 10,000 feet above sea level where I live, I've been watching a giant forest fire—in slow motion. It isn't like the annual fires in California; and it wasn't set by man. The lodgepole



Paul S. Maxwell

pinos don't burst into flames—but they slowly turn a deep, rust red over time. And then a dusty, dead silver. So far, a little over two million (2,000,000+!) have been murdered.

The killers are little bitty pine beetles. Hordes of them. A natural phenomenon when no fire has burned and then regenerated a forest.

The dying forests—coupled with warming temperatures in the high country—mean the snowpack thins and melts sooner and the earlier runoff means a longer dry period further west... so, California is likely to see more wildfires as October arrives and the Santa Ana winds blow. And Cas-sandras will try to out-shout nay-sayers about climate change; and vice versa.

Up here though, it is still like watching a very, very, very slow train wreck.

Or, like watching the changing media businesses.

Newspapers in particular.

Just track the bankruptcy filings and/or the fire sales of the big city papers.

But those of us in the cable business aren't immune to the changes underway. The entire media landscape is changing... you can see it in dozens of places. Even in the newfound jitters and insecurities across all of the related businesses. Even the need to "reinvent" businesses that dominated the Web a few short months ago. All this is pointing to too much "noise" and too little thought.

Now the loudest seems to "win." But it is turning out to be an ephemeral "win."

A "win" exacerbated by the pandering here and there to fringe audiences that simply drive up the noise.

Who knew that a little "choice" goes a long way and that too much choice merely devolves into chaos.

And now the so-called (and once upon a time) "mainstream media" exemplifies this newfound insecurity ...

What to do? Newspapers are even selling wine... a tippie to the decline?

What to do?

No one really, really knows... but one thing—for the short term—seems for real: the voice of reason has been (temporarily, I hope) silenced.

### Random Notes:

- **Back to Work:** Time to get serious again. Budget seasons bring pent-up demand for needed competitive information. Kids are back in school.

The leaves are—or soon will be—changing.

- **In La La Land:** At the very nice Loew's Santa Monica on the beach for an interesting set of meetings next week. Sunshine and smoke. Think I'll skip looking at the really fast wildfire, though.

- **Last Gasp of Summer Activities:** This week, bicycling along the Colorado River from winery to winery... and bugging the always great *Ann Carlsen* in Grand Junction.

- **Made Your CTAM, ACC, Cable-Labs, NAMIC & SCTE Plans Yet?** Booked the **Kaitz Dinner** and the **Cable TV Hall of Fame** dinner? If not, get on it.

- **Satellites:** Want to know more about them than how they send signals to your headend? Join us for a *SkyREPORT* mini-forum at the Princeton Club in NYC the afternoon of Tues, Oct 13 featuring a financial panel followed by an interview with **Showtime's Matt Blank**... all in front of the annual **Society of Satellite Professionals International** annual dinner... followed by two days of Satcon '09. Free, except the dinner.

Paul Maxwell

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## CableFAX: The Magazine's Most Influential Minorities in Cable issue

Publication Date: October 27

This issue profiles the most influential minorities in cable, winners of NAMIC's EMMA Awards (Excellence in Multicultural Marketing Awards), and the Top 10 Places to Work.

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