

CableFAX Daily™

Wednesday — September 16, 2009

What the Industry Reads First

Volume 20 / No. 177

Programmer Perspective: News Corp, NBCU, Disney Dish on Cable, Broadcast Model

Distributors negotiating for **Fox Sports** renewals may be in for a long battle. "We are undercharging—certainly *Chase [Carey]* thinks so—for all our local sports networks, which are absolutely essential carriage for any cable company," **News Corp's Rupert Murdoch** said during a **Goldman Sachs** media conference Tues. Murdoch bragged that **Fox News'** fee was "put up 200%," but given its ratings, "we should've put it up 400%. But we'll get around to that in another couple of years." The strength of cable and the need for a remake of the broadcast model was a theme at the confab. "A significant part of who we are today is cable," said **NBCU** pres/CEO *Jeff Zucker*. "The challenge is to make the first 3 letters of our name as strong and viable as possible." The launch of *Jay Leno's* 10pm show on **NBC** is part of that effort. Zucker said the company was "very pleased" with *Mon's* debut, but reminded everyone NBCU will judge its success on 52 weeks, not 1 night. Murdoch said negotiations are underway over how to best reshape the broadcast network-affiliate model. He said station affiliates are "pretty safe" businesses, even if they aren't profitable at the moment. Asked if affiliates will compensate networks, he said, "there's going to be compensation... a lot of it's going to end back up with the network that's paying the best part of \$800mln for the **NFL**..." **Disney** CFO *Tom Staggs*, meanwhile, argued that the broadcast model, which he believes will maintain its relevance going forward, "needs to be approached as a content creation business... with a great launch vehicle." While CPMs remain attractive and broadcasters' reach still resonates with advertisers, he said, "the quality of content has never been more important." **ABC** leads all broadcasters with 10 new shows this season. As for cable, Zucker made it clear that NBCU would be interested in increasing its cable network footprint, calling it the company's core competency. "We're incredibly strong on both the cable entertainment and news side... I don't really think there's a hole there per se, but it's something where we feel we have a whole lot of ability in," he said. Windowing, of course, came up. "Do we like **Redbox** selling [DVDs] at a dollar? No we don't," Murdoch said. "We won't be united... but I think some of us will try to window it." Zucker declined to discuss Redbox, citing ongoing litigation. But he did say the DVD model is challenged. Murdoch is keen on the VOD market, saying it's developing well, but added that cable needs to do more to grow it. He doesn't see the \$3.99-\$4.99 price/VOD title changing. He also said that News Corp is contemplating launching a subscription or PPV service on **Hulu**, but that no decisions have been made.

In the Court: Oral arguments are slated for next Tues in **Cablevision** and **Comcast's** challenge of the **FCC's** program exclusivity ban, which requires cable operator-owned nets to be made available to satellite ops on similar terms. The MSO's have claimed changes that doomed the 30% horizontal ownership cap (thrown out last month by the courts) also doom the exclusivity ban. The FCC rejected that notion, telling the court Tues that the argument is "baseless." "The retail competition from DBS operators and telephone companies that the Comcast panel found significant developed after Congress barred cable-only exclusive contracts, thereby ensuring that those competitors could negotiate distribution agreements with cable-owned networks," the FCC said.



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Goldman Sachs Notebook: While noting “some signs of strength in the national ad market” and improvement, albeit relatively less, in local ad sales, **Disney CFO Tom Staggs** underscored the remaining growth potential inherent to the company’s media nets. That forecast includes **Disney Channel**, which Staggs called a critical provider of content that can be leveraged across The Mouse, and **ESPN**, whose overseas customer adds surrounding its UK Premier League-focused channel has “somewhat exceeded our expectations,” he said. -- The **Liberty Ent** merger with **DirectTV** is on track to close late next month, said **Liberty Media CEO Greg Maffei**, who’s extremely bullish on the DBS op. “If you look at any metric, you’ve got to be impressed with what management has done,” he said, noting that a special cmte’s currently speaking with candidates to replace departed chief **Chase Carey**, now at **News Corp**. As for Starz, Maffei said the premium net’s only “in the 3rd inning at most” in its original programming strategy, though he doubts the net will ever “scale to the level of **HBO**” in the space. The planned Jan launch of “Spartacus: Blood and Sand,” said Maffei, “will help put us on the map.”

Broadband Money: There is a little more detail available on the applications for **NTIA** and RUS broadband stimulus money. A mapping tool launched Tues at: <http://broadbandsearch.cert.sc.egov.usda.gov/LegalNoticeFiling/List.Aspx>

Mobile Broadband: **Clearwire** officially launched its Clear 4G WiMAX Innovation Network, an app development community that’s a precursor to the mobile broadband service planned for the San Francisco Bay Area in ’10. With membership including **Bright House**, **Comcast**, **Sprint** and **Time Warner Cable**, the network physically covers more than 20 square miles in the Santa Clara, CA, area and includes the local campuses of **Intel** and **Google**.


Web TV: TV Everywhere will signal a seachange for consumers in 12-18 months, a panel of cable execs told a **CTAM GA** luncheon Tues. There won’t be an industry-wide rollout, instead “a layered” approach will introduce free VOD features first, followed later by other elements, said **Charter svp Greg Rigdon**. Eventually TVE will “have a live component,” said **Rob Kissell** of **Cisco Systems**. **Turner vp Jeremy Legg** cautioned against turning TVE into “a product. It’s not, it’s a technology platform,” he said. **Digital Valance** managing partner **Monty Mullig** noted TVE’s tech hurdles are “solvable.” The panel agreed rights and cultural issues and creation of an acceptable user experience are more critical. Meanwhile, **YES Net svp Matt Cacciato** noted the success of the net’s live streaming over broadband in-market baseball product, but said it probably would not evolve to be an out-of-market offering.

In the States: **DirectTV** and **DISH** are urging MI state legislators to reject a “discriminatory satellite-only tax” included in a House budget proposal. The 2 claim that some 1mln state families would be subject to a 5% sales tax for choosing DBS. Cable has said the taxes make sense because cable operators pay franchise fees, but DBS rejects that argument, saying the reason satellite doesn’t pay those fees is because it doesn’t disrupt the public rights-of-way. -- Through a 5-yr sponsorship extension, **Cox** remains the official communications partner of LSU Athletics, retains radio, TV, Internet and game program advertising, and will continue to air a minimum of 50 LSU events annually.

Ratings: After posting solid ratings for preseason **NFL** games, **ESPN** enjoyed last week a 2nd consecutive prime ratings victory (2.8/2.79mln)—this time spurred mainly by college pigskin. The highlight was the Sat night Ohio St-USA showdown, which notched a 7.3/7.24mln to win the weekly telecast title and become ESPN’s most-viewed college football tilt ever, including bowl games. And on the previous Mon (9/7), the net’s Miami-Florida State telecast earned a 5.9/5.82mln to notch a 2nd-place telecast tie with **MTV**’s ’09 VMAs. Completing the net top 5 were **USA** (2.5/2.44mln), **Fox News**



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BUSINESS & FINANCE

(2.0/2.00mln), **Disney** (1.8/1.80mln) and **TNT** (1.6/1.57mln). -- **Brag Book:** **Cartoon's** original live-action movie "Scooby Doo! The Mystery Begins" earned a 4.0/3.90mln to become the net's most-watched telecast in history. -- **HBO's** "True Blood" completed its 2nd season Sun night with 5.1mln viewers, more than double the amount garnered by its 1st season finale. The series averaged 12mln total viewers/ep (linear airings, HBO On Demand and DVR) this season, making it the net's most-watched series ever behind only "The Sopranos." -- By adding nearly 2mln viewers based on a full week of viewing, Disney's "Wizards of Waverly Place The Movie" is now cable's #2 scripted telecast of all time among total viewers (13.5mln). -- **History** led cable Fri night in prime averages among 25-54s (1.7mln), 18-49s (1.5mln), men 25-54 (987K) and men 18-49 (895K). Net special "102 Minutes That Changed America" (9-11pm) boosted many of those averages.

Programming: **A&E** will remember *Patrick Swayze* Wed with a marathon of the original he starred in, "The Beast," from 2-6pm ET. It also will telecast "Bio Remembers: Patrick Swayze" at 10pm. **Spike** will honor the actor by playing "Road House" Sat, 10pm.

People: Former **FCC** chmn *Kevin Martin* joined the board of **Xtera Comm**, which specializes in network infrastructure. -- **Time Warner Cable** hired **XO Communications** exec *Craig Collins* as svp, biz services sales & marketing.

CableFAX Daily Stockwatch

Company	09/15 Close	1-Day Ch	Company	09/15 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	35.57	(0.18)	AMPHENOL:	38.69	0.30
DIRECTV:	25.56	(0.54)	APPLE:	175.16	1.44
DISH:	17.90	(0.23)	ARRIS GROUP:	13.05	(0.02)
DISNEY:	28.29	0.21	AVID TECH:	14.59	0.78
GE:	16.00	0.65	BIGBAND:	3.98	0.06
NEWS CORP:	14.06	0.25	BLNDER TONGUE:	1.17	0.00
MSOS					
CABLEVISION:	25.22	0.62	BROADCOM:	29.79	(0.22)
COMCAST:	17.42	(0.02)	CISCO:	22.98	0.19
COMCAST SPCL:	16.64	(0.03)	CLEARWIRE:	8.82	0.32
GCI:	6.83	(0.03)	COMMSCOPE:	29.90	0.48
KNOLOGY:	7.73	(0.15)	CONCURRENT:	4.56	0.05
LIBERTY CAPITAL:	22.53	0.59	CONVERGYS:	11.02	0.07
LIBERTY ENT:	29.43	(0.21)	CSG SYSTEMS:	14.69	(0.16)
LIBERTY GLOBAL:	24.79	(0.05)	ECHOSTAR:	18.93	0.25
LIBERTY INT:	10.78	0.10	GOOGLE:	477.54	2.42
MEDIACOM:	5.73	(0.06)	HARMONIC:	6.94	0.05
RCN:	9.60	0.15	INTEL:	19.55	0.19
SHAW COMM:	18.03	0.31	JDSU:	7.63	0.16
TIME WARNER CABLE:	41.28	0.11	LEVEL 3:	1.50	0.11
VIRGIN MEDIA:	12.91	0.45	MICROSOFT:	25.20	0.20
WASH POST:	473.19	12.42	MOTOROLA:	9.20	0.41
PROGRAMMING					
CBS:	12.43	0.57	OPENTV:	1.32	(0.01)
CROWN:	1.77	(0.03)	PHILIPS:	24.86	0.37
DISCOVERY:	28.86	0.51	RENTRAK:	15.84	(0.11)
EW SCRIPPS:	7.95	0.39	SEACHANGE:	7.76	(0.03)
GRUPO TELEVISIA:	18.32	0.34	SONY:	26.75	(0.26)
HSN:	13.41	0.48	SPRINT NEXTEL:	4.06	(0.09)
INTERACTIVE CORP:	20.18	0.78	THOMAS & BETTS:	28.72	(0.05)
LIBERTY:	34.38	0.21	TIVO:	10.68	(0.24)
LODGENET:	6.99	0.06	TOLLGRADE:	5.70	0.22
NEW FRONTIER:	2.19	(0.01)	UNIVERSAL ELEC:	19.87	(0.74)
OUTDOOR:	6.92	(0.26)	VONAGE:	1.48	(0.07)
PLAYBOY:	3.13	0.09	YAHOO:	16.41	0.84
RHI:	3.44	0.16	TELCOS		
SCRIPPS INT:	35.53	(0.32)	AT&T:	26.70	0.17
TIME WARNER:	29.25	0.10	QWEST:	3.53	(0.07)
VALUEVISION:	3.30	0.11	VERIZON:	31.00	(0.07)
VIACOM:	29.08	0.95	MARKET INDICES		
WWE:	14.24	0.04	DOW:	9683.41	56.61
TECHNOLOGY					
3COM:	4.71	0.02	NASDAQ:	2102.64	10.86
ADC:	8.83	0.18			
ADVANTAGE:	2.20	(0.03)			
ALCATEL LUCENT:	4.19	0.19			
AMDOCS:	26.33	0.45			

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Tom Eagan, Collins Stewart
Matthew Emans, Navic
Marc Goldstein, Group M
Peggy Green, Zenith Media
Joshua Herman, Axiom
Michael Kubin, Invidi
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Mitch Oscar, MPG
Mark Owens, Vanguard Entertainment
Beth Rockwood, Discovery Channel
Marci Ryvicker, Wells Fargo Securities
Jon Stimmel, Unilever
Steve Sturm, Toyota
Spencer Wang, Credit Suisse
Alan Wurtzel, NBCU
Linda Yaccarino, Turner Entertainment
John Zamoiski, NMA Entertainment & Marketing
Pam Zucker, MediaVest

*Subject to change

Forum Snapshot

When: October 6, 2009
8 a.m. - 5 p.m.

Where: Concierge Conference Center, NYC

Questions: Contact Saun Sayamongkhun at ssayamongkhun@accessintel.com or (301) 354-1610.

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SPECIAL FEATURE

Exclusive Q&A With Comcast's Matt Bond: It's TV Everywhere... Very Soon

With the cable industry abuzz about authenticating paying cable subs to watch TV shows beyond the set top, **Comcast** has taken a leading role with plans for commercial launches by year-end. In charge of signing up content participants is evp, programming *Matt*



Matt Bond

Bond, whose well known reputation as a negotiator makes him the go-to guy for all things TV Everywhere. In fact, Bond has already signed up 24 cable networks for Comcast's OnDemand Online initiative. **CableFAX** Executive Editor *Michael Grebb* caught up with Bond to discuss Comcast's current trials and future plans for deployment.

What's the general thinking behind Comcast's authentication strategy?

Fundamentally, it's going to make our customers happy. We're going to give them the content they're getting now on the TV set—and expand it to other devices, giving them more opportunity to see the great content they're already getting. So it's a tremendous strategy for Comcast.

Telco competitors, as well as DirecTV, are mounting similar efforts. Is this more of an opportunity

or a defensive move?

This is really a great opportunity. I don't view it as a defensive move. It's a forward-looking innovative product that's really about providing more value to the customer.

Online video has been around a while. Why wait until now to implement authentication?

Because we can do it now. We have the back-office technologies in place that allow us to do it. And Fan-cast gives us the customer facing interface that allows us to present this content.

So things needed to come up to speed on the technical side?

That's correct. You have to have a customer interface. You have to have content ingestion and presentation capabilities. You have to have various security tools. And you have to have interfaces with the billing system so that customers can be authenticated as Comcast customers.

You have been trialing authentication with 5K customers for nearly 2 months. What have you learned?

The purpose of the trial was fundamentally to test the technology, and so far that seems to be working... Additionally, what we've learned in terms of usage is that customers are watching more video, they're returning more often, and they're watching video for a longer

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period of time than a typical Fancast customer.

So you will launch before year-end no matter what?

We're going to proceed with a commercial launch.

What are the goals for 2010?

Our goals in 2010 are more content and more features and more functionality. We hope to continue to add content to the authentication platform. And we're going to add additional features. We're going to add a download feature next year. We're going to have a revamped interface next year. We will also integrate the Movie Store into the product so that customers will have thousands of movie choices in addition to the other content on the authentication platform from the cable networks... It will be a fully integrated experience with thousands upon thousands of choices.

What are some of the business negotiation hurdles here between MSOs and programmers?

I don't think that networks are going to be opposed to this. In fact, we've met with incredibly positive feedback from virtually every network we've talked to about this. And that's simply because this is a great customer product. It helps them provide more value to the customer. It helps them expand and extend their brands. And ultimately, it will lead to greater advertising revenue because the video pie is going to get bigger as it expands to other platforms. So the content providers are very bullish on this product.

Obviously, it always is a negotiation. But this is really a product that I think everybody is excited about.

Some programmers seem skeptical. Are you confident they'll come around?

Well, if the customers are going to be there, the networks are going to want to be there as well.

You mentioned advertising. Will authentication mean a bigger advertising role for MSOs vs the limited role they play in the linear world?

One of the tremendous opportunities here is that it can accommodate both the existing model, or you could create a different advertising model if that's more productive. So one thing we're working on is how to display the existing advertising from linear television on this platform. And that will be one way you can expand the advertising plan. But additionally, you can have a different set of commercials on a show if that was more productive. You've really got a lot of opportunities here with this platform to experiment with different models of advertising, and it may be different depending on when the customer is viewing it—whether they're viewing it right after its linear air or whether they're viewing it a month later.

Will you have a deal template or will this be a case-by-case negotiation with each programmer?

Every programming negotiation is unique, and this is no exception to that. But I do think that over time, this will settle out to an industry standard.

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

Publication Date: October 27

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