

CableFAX Daily™

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What the Industry Reads First

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Broadband Video: What's Cable's Role?

Try as he might, **Broadband Directions** principal *Will Richmond* couldn't get anyone on **CTAM NY's** Blue Ribbon Breakfast panel to say that broadband video's success could come at the expense of the cable industry. "I don't think it's a zero sum game," **Google** vp, content partnerships *David Eun* told moderator Richmond Wed. "Our business would shrivel up if our partners were not successful. We need for cable operators to thrive, for book publishers to thrive, for people like Herb to thrive." Herb is *Herb Scannell*, formerly of **MTV Networks**, now head of **Next New Networks**, a startup that creates "micro-television networks" over the Internet. Next New Networks' "Channel Frederator" has gained attention with animated short "Internet People," which examines those who have had 15 seconds of Internet fame. The video (http://www.channelfrederator.com/methminute39/episode/TMM_20070906) notched a couple million views in 4 short days. It's that kind of pull that turns the heads of cable operators, programmers and others. "It feels like the early days of cable," Scannell said. When asked if **Discovery's** recent previewing of new shows online before on linear caused conflicts with cable partners, Discovery digital media, emerging nets and biz dev pres *Bruce Campbell* quickly called distributors a programmer's "most important" partners and that its broadband dabbling has been an experiment to build loyalty to its brands. As long as a programmer isn't looking for affiliate revenue for its broadband product and its offering can "stand on its own," **Cox** svp *Dallas Clement* is fine with it. Said **Comcast** svp, new media *Matt Strauss*: "We're there to give customers what they want. I don't think you'll see any rational programmers do anything to jeopardize [cable's business model]." Cable ops know that they have to keep a hand in the Internet. "If cable just focused on satellite and RBOCs as our competitors, and doesn't keep a watchful eye on the Internet, we'll lose more than our share of the pie," Clement said. Strauss and Clement seemed unconcerned about **Apple TV** and similar PC to TV devices on the market today. "People still want high quality content," Strauss said. More beneficial than streaming short clips to the TV would be allowing a sub to pause a program on their TV and resume watching it on their PC or PDA, he said. Meanwhile, Eun made it clear that Google's talking to "more than a handful" of traditional TV companies as it looks for partnerships. "We bring a large mass of advertisers that you might not be talking to," he pitched.

Telecom Trio: Chatting Wed at the **Goldman Sachs** conference, **Verizon** chmn/CEO *Ivan Seidenberg* and **AT&T** group pres, regional telecom and entertainment *Ralph de la Vega* downplayed cable competition while **Sprint Nextel** chmn/CEO *Gary Forsee* spoke of cable allegiance. Seidenberg acknowledged frenzied activity by cable MSOs in **FiOS TV** markets to both retain and win back customers, but said the efforts haven't "slowed down the market share we are taking." Regarding cable's plunge into commercial markets, de la Vega said cable operators face an uphill battle because they must "start from scratch"—not to mention battle entrenched incumbents—although he said AT&T takes such initiatives seriously. As for **U-verse TV**, de la Vega said installs have averaged 7K-8K/week over the last few

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weeks and that the telco's prior avowal of 10K/week by year-end is likely accurate. Meanwhile cable ally Forsee said **Pivot** economics, after much tweaking, are standardizing across markets and partners. "Customers ultimately want wireless in a bundle, and we continue to work in that regard," he said. Also, Forsee dismissed the notion that **Xohm**, the Sprint partnership with **Clearwire** expected to launch in late 1Q/early 2Q, inherently works against the cable industry. He said discussions with cable ops about how they may play a role in the initiative are ongoing.

Carriage: **Cox** has agreed to carry 4 **Discovery** nets in HD : **Discovery Channel, TLC, Animal Planet** and **The Science Channel**. The nets will launch on a market-by-market basis.

Competition: **Verizon** received video franchise approval this week from 2 more OR communities, contributing to the 170K state households that will be able to receive **FIOS TV** when it launches later this year.

DTV Doings: More hand-wringing in Washington Wed over educating consumers about the digital TV transition. **GAO's Mark Goldstein** recommended to the Sen Special Cmte on Aging that a lead govt agency be named for helping consumers with the switch, citing a lack of coordination between the **NTIA** and **FCC**. Cmte chmn **Herb Kohl** (D-WI) plans legislation to create a public-private partnership between the FCC, NTIA, Administration on Aging and others (sounds a bit like the DTV Transition Coalition, which counts NCTA, **NAB** and the FCC as members). Kohl's proposed partnership would launch a nationwide consumer education campaign to ensure that older individuals who depend on analog TV aren't left without service after Feb 17, 2009. The legislation would also set requirements for industry stakeholders, such as mandatory PSAs, easily identifiable labels on coupon-eligible converter boxes and the establishment of a toll-free number to help people if their sets go dark. Kohl also cited a preliminary study by the U.S. Public Interest Research Group suggesting DC-area retailers were already engaging in "upselling and misleading" sales tactics. In many cases, employees allegedly told customers that the only way to keep getting a broadcast signal was to buy a new TV or an upgraded HDTV.

Out in Front: As video migrates to the Internet, content owners and distributors must act fast to avoid the **Napster**-like scenario. That was the message from a panel of 4 female techies at **WICT NY's** executive luncheon Wed. "You have to get out there in front of what's coming," said **Elizabeth Schimel**, svp, entertainment at **Comcast Interactive**. In addition, advertisers are shifting money away from TV as they flock online, said **Quantum Media** principal **Erica Gruen**, because the Internet is "so darned efficient." **Beth Higbee**, svp/gm of emerging ventures at **Scripps Networks**, said nets may need to increasingly try new models (such as transaction fees vs traditional ad buys) as they offer new online content and services. She also cited Google's efforts to make Internet ads more flexible and interactive, which "increases our advertising distribution, but it also means we don't control everything." One game changer could be dynamic ad insertion on VOD, which could enable Internet-like placement flexibility through the TV platform. "That will be one of the big things that tips this industry," said **Tara Walpert**, president of **Visible World**.

VOD: **Cablevision** added **The Jewish Channel** as the 12th SVOD channel for digital customers. It costs \$4.95/month.

Research: Cable failed to top any region in **J.D. Power and Associates'** new study of customer satisfaction among HSD providers, and was hammered in the west, where **Cox** was the only MSO to exceed the regional score average, yet still ranked behind **Qwest, Verizon** and **EarthLink**. The east painted a much better picture, as **Cablevision** (2nd), **Time Warner Cable** (5th) and **Cox** (6th) all exceeded the regional average. In the south, **Time Warner** (2nd) and **Cox**

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BUSINESS & FINANCE

(4th) provided better-than-average customer service, while **WOW!** (2nd), Time Warner (5th) and **Insight** (6th) did so in the north central region

Online: The Assoc of Cable Communicators launched an enhanced Website (www.cablecommunicators.org) incorporating continually re-freshed information such as the headlines in cable feature, online chats and Webinars. It also created "Career Connections" to foster mentoring and career development. In Oct, ACC will host 2 regional networking events in L.A. (Oct 3) and NY (Oct 16).

Programming: PBS Kids Sprout's "The Sunny Side Up Show" (Wed, 9am ET) features a 3-hour block of popular shows mixed with live, hosted segments aimed at pre-schoolers and their parents/care-givers. -- A research meteorologist and a filmmaker risk life and limb to capture scientific data and footage from inside tornadoes in **Discovery Channel's** "Storm Chasers" (Oct 17).

Honors: Emma Bowen Foundation pres/CEO *Phylis Eagle-Oldson* is the '07 winner of the Donald H. McGannon Award recognizing contributions in advancing roles of women and persons of color in the media. The honor is given by the Office of Communication of the **United Church of Christ**.

People: ESPN appointed *Paul Richardson* svp, human resources. -- **Comcast** promoted *Sara Kaliski* to vp, online ad sales.

CableFAX Daily Stockwatch

Company	09/19 Close	1-Day Ch	Company	09/19 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	54.33	(0.12)	AMPHENOL:	39.20	0.48
DIRECTV:	24.42	0.67	APPLE:	140.77	(0.15)
DISNEY:	34.56	(0.02)	ARRIS GROUP:	14.43	0.21
ECHOSTAR:	42.04	0.00	AVID TECH:	28.36	0.61
GE:	41.77	0.09	BIGBAND:	8.91	(0.08)
HEARST-ARGYLE:	25.52	(0.63)	BROADCOM:	36.09	(0.22)
ION MEDIA:	1.35	0.06	C-COR:	10.04	(0.06)
NEWS CORP:	23.29	0.42	CISCO:	32.09	0.05
TRIBUNE:	27.78	0.11	COMMSCOPE:	54.70	0.40
MSOS					
CABLEVISION:	34.86	0.39	CONCURRENT:	1.35	0.00
CHARTER:	2.85	0.08	CONVERGYS:	16.66	0.12
COMCAST:	24.32	(0.68)	CSG SYSTEMS:	22.27	0.25
COMCAST SPCL:	23.92	(0.66)	GEMSTAR TVG:	6.73	0.40
GCI:	13.00	0.34	GOOGLE:	546.85	11.58
KNOLOGY:	18.22	0.88	HARMONIC:	10.46	(0.18)
LIBERTY CAPITAL:	121.47	2.48	JDSU:	14.06	0.21
LIBERTY GLOBAL:	42.53	(0.28)	LEVEL 3:	4.75	0.08
LIBERTY INTERACTIVE:	18.65	(0.41)	MICROSOFT:	28.67	(0.26)
MEDIACOM:	7.85	0.33	MOTOROLA:	17.35	0.12
NTL:	28.22	0.00	NDS:	49.33	1.53
ROGERS COMM:	42.97	0.00	NORTEL:	16.50	(0.37)
SHAW COMM:	24.92	0.29	OPENTV:	1.54	0.00
TIME WARNER CABLE:	33.45	(0.73)	PHILIPS:	43.50	0.02
WASH POST:	786.50	11.25	RENTRAK:	11.87	(0.12)
PROGRAMMING					
CBS:	32.74	0.60	SEACHANGE:	7.20	0.22
CROWN:	6.94	(0.03)	SONY:	47.52	0.21
DISCOVERY:	26.65	0.85	SPRINT NEXTEL:	18.10	0.20
EW SCRIPPS:	43.31	(0.25)	THOMAS & BETTS:	57.04	(0.55)
GRUPO TELEVISA:	26.05	0.02	TIVO:	6.09	(0.06)
INTERACTIVE CORP:	28.19	0.14	TOLLGRADE:	10.13	0.15
LODGENET:	24.84	1.17	UNIVERSAL ELEC:	29.85	1.06
NEW FRONTIER:	6.48	0.10	VONAGE:	1.97	(0.08)
OUTDOOR:	8.97	0.23	VYYO:	5.34	(0.02)
PLAYBOY:	11.29	0.26	WEBB SYS:	0.07	(0.02)
TIME WARNER:	18.50	(0.16)	WORLDGATE:	0.38	(0.02)
UNIVISION:	36.23	0.00	YAHOO:	25.29	0.23
VALUEVISION:	7.99	(0.07)	TELCOS		
VIACOM:	39.05	0.54	AT&T:	41.58	0.75
WWE:	14.35	(0.21)	QWEST:	9.42	0.09
TECHNOLOGY					
3COM:	3.60	0.07	VERIZON:	43.78	0.47
ADC:	20.60	0.11	MARKET INDICES		
ADVANTAGE:	8.40	1.13	DOW:	13815.56	76.17
ALCATEL LUCENT:	9.04	0.04	NASDAQ:	2666.48	14.82
AMDOCS:	35.65	0.24			



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Degraded Signals

I wrote last week about the irony of the broadcast industry and the FCC leadership's seemingly singular focus on the quality of cable delivery related to the DTV Transition. They seem to think the only way the DTV Transition will be successful is if consumers actually get to see unimpeded, beautiful HD pictures. And the only way that will happen is if cable delivers those pictures!

But wait, as I also noted, this isn't the cable industry's transition. This is the broadcast industry's transition...



Steve Effros

and the consumer electronics industry's as well. So why aren't the new HD television sets required to be properly tuned before sale? Why are we now told we have to buy yet another service from the person who sold us the set to get the set to work right? Why are the new wires that connect to the TV so sensitive that

a "good" set of wires costs more than a month's worth of cable service? Why isn't the FCC looking at all those issues as part of the transition too?

And while we're at it, why should anyone care about all this focus on beautiful pictures?

The clearest benefit of HD (other than the great nature pictures now available on Discovery HD, National Geographic HD and some PBS programs) is watching sports. But the football season has now started, and it's painfully clear that the broadcasters don't care about showing you all those beautiful pictures so you can actually watch the game in HD.

No, all you have to do is watch a Fox broadcast, and you will see that the entire top part of the beautiful picture is blocked off with graphics that snap, crackle and pop... move, flash, do everything they can to divert your attention from the picture. In other words they degrade the picture! Did the runner's foot go out of bounds? Can't tell. The

sideline is obscured by the stupid graphics!

Some of the other networks do a little better. Instead of blocking the whole top of the picture, they just have a "bubble" of information floating up there, or, better yet, down at the bottom, and the producers actually frame the picture so you can see all the action without it being blocked by the ads, promotions, statistics, and all the other stuff, including just extra graphic lines and gimmicks that someone thought were cute.

And while I am on this particular rant, which I seem to do once a year about this time, almost the ENTIRE third quarter of the Monday Night Football game was taken up with discussions by the announcing crew with a basketball player in the broadcast booth... with the camera a good part of the time trained on them, not on the game!

Hey... we want to watch the game, not Tony Kornheiser and friends! At one point the play-by-play announcer threw in a comment saying "oh, by the way, the Redskins just called a time out."

Why? What was going on? What was happening on the field? Nevermind. Apparently the decision has been made that folks don't really want to watch the football game; they want to watch commercials, graphics and talking heads who are mostly talking about something other than the game being played!

Well, you don't need HD for that.

Indeed, it's questionable if you even need television.

Why is the FCC obsessing about cable delivery? The picture is not only being degraded already. It's irrelevant! There. At least now I feel a little better.

Steve

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