

CableFAX Daily™

Thursday — September 23, 2010

What the Industry Reads First

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Down With OTT? Industry Execs Talk About the Future of Video

TV players continued to weigh in on the buzzworthy over-the-top video issue Wed, with a mild disagreement between 2 cable execs and comments from an outspoken broadcaster proving most interesting. Up 1st at the **Goldman Sachs** conference was **Time Warner Cable's Glenn Britt**, who like many other MSO chiefs downplayed OTT video. The chief driver for consumers turning to Web video is it being free, but content companies are wising up and realizing that giving away the store isn't good for business in the long run, said Britt, noting how cable ops still play a role in OTT video services because they offer broadband—a claim that entertainment companies don't have. "Profit growth at these companies comes from their cable networks," said Britt. "It's not from the broadcast networks. It's not from the studios. It's from the cable networks. So if they mess that up, their business is going to collapse—perhaps overstating it... They're not going to give all their content away for free." Later in the day, though, **Comcast CFO Michael Angelakis** said he doesn't necessarily agree with Britt's assertion that cable ops are better shielded from OTT than programmers. "From our standpoint, the primary efforts [of OTT] will impact VOD... it's really all about electronic sell-through," said Angelakis. But he did, like Britt, highlight ops' broadband advantage. Another thing about OTT is that Internet tech allows functionalities that the industry hasn't traditionally enabled or made easy (ie, access to any content on any device, any time, any place), said Britt. He added that TWC is working on giving customers such services, noting that the desire is part of what made the recent **Disney** deal so complicated. Angelakis played up Comcast's XFINITY TV offering, which he said would emerge from beta to re-launch next month. XFINITY helps "provide subscribers with so much content that they feel they don't need an alternative," he said. Later, **CBS pres/CEO Les Moonves** took the stage, giving XFINITY TV his unequivocal blessing while expressing trepidation around liberally serving up content from CBS, Showtime, etc. "Comcast is totally entitled" to monetize our content online "because we're getting plenty of money for CBS and **Showtime**," said Moonves, mentioning the pair's new 10-year distribution deal. Still, said Moonves, that deal doesn't preclude CBS from using other distribution platforms as well. "Our content is the family jewels," he said. "I want to have the flexibility to move it around." And with that, the OTT issue lives on.

At the Portals: The **FCC** granted the transfer of certain licenses held by **Bresnan** to **Cablevision**. CVC announced in June that it would purchase 100 percent ownership of the cable op for \$1.365bln. The transaction has already got the nec-

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essary state approval and is working on wrapping up local franchise sign-offs. The deal's expected to close by year-end.

Complaint: The **FCC** wants comments by Oct 22 on the **Campaign for a Commercial-Free Childhood's** complaint about **Nicktoons'** upcoming program, "Zevo-3." The group claims the show would violate the Children's TV Act and is a promotion of Skechers shoes, with characters originally developed by the shoe maker. Nick has said the show, scheduled to debut Oct 11, doesn't violate federal rules. "We do not believe that the show is a program-length commercial, nor do we agree that its transmission would violate the Children's Television Act or any of the Commission's rules or policies," a rep said.

In the States: **Comcast** and Pitt launched **Pitt Panthers TV** in Central and Western PA. The service will present more than 500 hours of Pitt athletics coverage during the year.

Competition: **Sprint Customized Connections** now offers discounted wireless/broadband bundles for small businesses, with a "cut-the-cord" option with wireless voice and a 4G desktop modem for \$35/month with a new 2-year contract.

Goldman Sachs Notebook: **CBS** boss *Les Moonves* said the broadcast net's ad inventory is so scarce that ad rev would "still be up in the mid-20s even without political." He also noted how the atypical 10-year length of the co's carriage deal with **Comcast** was decided upon because "we get better retrans and Showtime fees" that way. CBS has had discussions about representing certain station affils in retrans negotiations, said Moonves, a byproduct of the goal to keep its affiliate body strong. Each affil contract is different as far as CBS receiving a portion of retrans fees, he said.

Advertising: '10 political rev for TV stations have the potential to ramp by at least 25% over '06 levels, to \$2.5bln, according to **SNL Kagan**. The firm said **Sinclair** has the largest footprint of all TV pureplays in the 16 states with hotly-contested elections, and that **CBS** and **Univision** O&Os have the most exposure to toss-up states. -- Counting myriad cable nets as clients, **Invision** plans to integrate its ad planning and sales solutions with **FreeWheel's** video monetization tech to allow customers to plan and manage their advertising sales across TV and online video. Invision's software-based solutions manage the sale of more than \$13bln in annual TV ad inventory.

Swift Current: **Current** continues to beef up its ranks, with *Courtney Menzel*, who joined the net from **Viacom** as evp, affil sales in the spring, appointing 2 to her affil sales team. *Kristen Dean Hilbert* of social media company **SheSpeaks** and *Diana Stengel*, who formerly led digital distribution at Current, will both serve as vp, distribution. "We are moving forward with ambitious plans to both extend our brand and expand our original programming," Menzel said.

Programming: The **NFL's** celebration of **Hispanic Heritage Month** features **Telemundo's** 1st-ever airing (Sept 26) of a regular-season game in NY, L.A., Chicago, Dallas and Miami. And on **ESPN**, next week's Packers-Bears game will feature special graphic integrations, as well as *Hank Williams Jr* singing some lyrics in Spanish during the show's opening video.

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The '09 NFL regular season averaged 1.1mln Hispanic viewers/game.

On the Circuit: WICT NY will hold its executive Women's Lunch Oct 5, 11-2pm, with keynote speaker *Hoda Kotb* of the "Today Show." The luncheon's panel includes **Travel** pres *Lauren Ong*, **ESPN** evp *John Walsh*, **Cablevision** svp new biz dev *Gemma Toner* and **Proteus Intl** sr consultant *Cynthia Swensen*. -- **Cable Center** svp, programs and education *Jana Henthorn* gave cable's perspective in a customer service op-ed Wed in *USA Today*. "We've made great strides, and will continue to, becoming more flexible and proactive in how we connect with our customers, and listening, tweaking and Tweeting to address customer care more successfully," she wrote.

People: The latest **Viacom** vet to join **BBC America** is *Matt Stein*, who becomes vp, promotions and creative services. -- *Shannon Fitzgerald* was hired as vp, series dev, East Coast at **MTV** and *Colin Nash* joined the net as vp, series dev West Coast. -- Former **ABC Media** exec *Ryan Flynn* joined **Bravo** as vp, production.

Business/Finance: **LightSquared**, the 4G/LTE terrestrial and sat network slated for launch late next year, earned \$750mln in new financing from **UBS**, according to *Bloomberg*. And according to other reports, South Korea's **SK Telecom** is in talks to invest in the Harbinger Capital Partners-led venture. -- **Jeffries** initiated **Time Warner** with a 'buy' and **News Corp** with a 'hold.'

CableFAX Daily Stockwatch

Company	09/22 Close	1-Day Ch	Company	09/22 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	41.74	0.19	AVID TECH:	12.63	(0.12)
DISH:	18.89	0.11	BLNDER TONGUE:	2.45	0.10
DISNEY:	33.99	(0.51)	BROADCOM:	32.41	(0.95)
GE:	16.50	(0.02)	CISCO:	21.67	0.03
NEWS CORP:	15.37	(0.2)	CLEARWIRE:	7.30	(0.33)
MSOS					
CABLEVISION:	25.41	(0.57)	COMMSCOPE:	22.76	0.01
CHARTER:	33.50	(0.34)	CONCURRENT:	6.50	0.08
COMCAST:	17.95	(0.18)	CONVERGYS:	10.27	0.01
COMCAST SPCL:	16.85	(0.21)	CSG SYSTEMS:	21.01	0.08
GCI:	9.91	(0.3)	ECHOSTAR:	18.85	(0.35)
KNOLLOGY:	13.09	(0.27)	GOOGLE:	516.00	2.54
LIBERTY CAPITAL:	51.50	(0.55)	HARMONIC:	6.58	(0.17)
LIBERTY GLOBAL:	30.07	(0.24)	INTEL:	19.01	(0.13)
LIBERTY INT:	12.69	(0.08)	JDSU:	12.21	(0.14)
MEDIACOM:	6.04	(0.15)	LEVEL 3:	0.97	(0.04)
SHAW COMM:	21.56	0.04	MICROSOFT:	24.61	(0.54)
TIME WARNER CABLE:	51.11	(1.55)	MOTOROLA:	8.29	(0.04)
VIRGIN MEDIA:	21.92	(0.04)	RENTRAK:	24.52	(0.56)
WASH POST:	360.22	(5.36)	SEACHANGE:	7.24	(0.19)
PROGRAMMING					
CBS:	15.25	(0.36)	SONY:	30.28	(0.68)
CROWN:	2.21	0.01	SPRINT NEXTEL:	4.37	(0.21)
DISCOVERY:	42.51	(0.73)	THOMAS & BETTS:	41.06	0.10
GRUPO TELEVISA:	18.90	(0.14)	TIVO:	9.65	(0.06)
HSN:	29.00	(1.37)	TOLLGRADE:	7.26	(0.03)
INTERACTIVE CORP:	26.20	(0.05)	UNIVERSAL ELEC:	20.46	(0.32)
LIBERTY:	37.49	(0.33)	VONAGE:	2.45	0.04
LIBERTY STARZ:	64.60	(0.36)	YAHOO:	14.04	(0.14)
LIONSGATE:	7.34	(0.01)	TELCOS		
LODGENET:	3.11	0.04	AT&T:	28.59	(0.02)
NEW FRONTIER:	1.83	0.10	QWEST:	6.27	(0.01)
OUTDOOR:	5.42	(0.28)	VERIZON:	32.39	0.07
PLAYBOY:	5.08	(0.02)	MARKET INDICES		
SCRIPPS INT:	45.73	(0.02)	NASDAQ:	2334.55	(14.8)
TIME WARNER:	31.25	(0.61)			
VALUEVISION:	1.85	(0.06)			
VIACOM:	39.15	0.00			
WWE:	13.69	(0.12)			
TECHNOLOGY					
ADC:	12.64	0.00			
ADVANTAGE:	3.08	0.03			
ALCATEL LUCENT:	3.09	0.08			
AMPHENOL:	46.74	(0.99)			
AOL:	24.18	0.32			
APPLE:	287.75	3.98			
ARRIS GROUP:	9.59	0.13			



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The Consumer Dilemma

I've been spending some time helping my neighbors set up their new television equipment. Actually, I've been spending a lot of time. Much more than I would have thought necessary, and I'm still not sure the family can enjoy all the benefits of the technology they have bought.

The dilemma for the consumer seems to be that buying the equipment and the service is only the first step in an awkwardly long process of figuring out how to use it.



Steve Effros

Unfortunately, I don't think there is any easy fix for this.

The easy part is ordering the stuff. The new flat screen HD television, the Blu-ray player (although I had to refer to it as a DVD player all the time to avoid confusion,) the VCR to play the old tapes they have, and, of course the cable set top box.

They already had a cable box. It was a DVR. I noted that the television set, when you select all the names for the various "sources" called it a PVR STB but I knew that the industry had "moved on" from calling it a "personal video recorder" to a "digital video recorder." They, not surprisingly, didn't. That's why they asked me to help. DVD/Blu ray, PVR/DVR, those were simple. Then we found that while they had a "DVR STB" it was not an "HD" DVR STB. We took it to the cable office and exchanged it.

Then the fun started.

In the process of hooking everything up I decided to use HDMI cables to minimize all the wiring fuss. I got the low-cost Amazon ones, not the \$20-30 per foot variety that are being hawked. When asked the difference by my friends the only answer I could come up with was "marketing."

The hook-up went well, but the "universal" cable remote was not quite universal. It couldn't control the speaker bar I had gotten them because a "5.1" system would not have worked in their room.

The only solution; a learning remote. Now I still love my URC MX 700 remote, but they didn't need that much power; they just needed something that would make things "simple." Well, that turned out to be quite a challenge. You see the new Blu ray was "HDMI CEC" compatible, meaning it would "talk" to the television set and automatically change the "source" (I had to explain that while some equipment called it a "source," others called it an "input") on the television set. But the cable box didn't.

So I had a choice: either explain two different ways to do things, one for the cable box when a "source" had to be selected, and another for the Blu-ray when it did not, but would not automatically "un-do" what it had done when turned off—or just turn off the new "consumer friendly" part completely, so they only had to understand one process to switch back and forth.

That's what I ultimately did. So much for "consumer friendly." Now we have to set up the WiFi connection to the Blu-ray, so that they can watch Netflix, and explain how to use the new HD DVR STB to get VOD!

Get my drift?

Oh, by the way, the FCC wants to create a requirement that an "AllVid" box be added to this already crazy mix, which will "easily" work with all of the above and connect to IP as well! Good luck, especially since the HDCP in-home security scheme has just been hacked. This mess isn't just a consumer dilemma, it's ours.

Steve

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