

CableFAX Daily™

Thursday — October 21, 2010

What the Industry Reads First

Volume 21 / No. 204

Sweating the SWOT: Cable Amid a Mercurial Media Landscape

Constant changes in media tech and consumer expectations have helped attach a Dickensian element to the cable industry. "This is the coolest time ever in our business," said **Cablevision** COO *Tom Rutledge* at the **CTAM Summit** Wed, noting the plethora of platforms and devices available for media consumption today. But this best-case scenario has yet to snuff out worst-case possibilities such as cord-cutting or, to a lesser degree, the "increasing battle for market share" that **Cox** pres *Pat Esser* acknowledged. Even amid the tumult, Esser remains confident that "in the end, we win." Perhaps cable will emerge victorious, but consider: of the 5 consumers aged 25-34 featured Wed during a **Sachs Insights** session, 3 sided with **Netflix** when asked to decide between it and cable in a scenario where they could only have 1. Price was cited as a key factor, of course, along with the perceived inferiority of cable's interface and content library. Noting how many consumers are willing to wait for movies to arrive by mail and that several studio heads have opted for content deals with Netflix despite receiving just 40 cents/rental versus \$2.80 each from cable, **Sanford Bernstein** analyst *Craig Moffett* said cable "should feel chastened that consumers and studios are going in a different direction" and, in essence, eschewing immediacy and better economics. Service costs will remain an issue to consumers as long as the economy's sluggishness continues, but Rutledge maintained that "cable has the opportunity to be the low-cost provider" because of its efficient plant. And **CableLabs** pres/CEO *Paul Liao* said you "cannot underestimate what pleasure cable brings to consumers." Indeed, some of the aforementioned 5 consumers did cite the TV experience, instant availability of programming and even robust channel lineups as key benefits of cable. Still, OTT options and multiple platforms remain thorns in the operational sides of both ops and programmers. **BETN** chmn/CEO *Debra Lee* noted the "balancing act" required of programmers to service customers where and when they want while also respecting the long-standing relationships with ops, and **Samsung Electronics America** vp, LCD/LED TV marketing *Jonas Tanenbaum* said more than half of the co's Web-connected TVs are being activated for cross use and that "a large percentage" of consumers regularly use available apps. Cable may find it heartening that a Texas Hold-'em poker app is Samsung's most popular, but likely disappointing is the unsurpassed popularity of the content info and VOD categories. The latter point underscores the statement from a 26-yr-old male Sachs participant that cable's "interface should just be better." Cablevision will try to improve that perception

ART IN HD
NOW AVAILABLE

A stunning high-def picture transforms the Ovation experience, bringing sensational art, performance and design to life in astonishing new brilliance.

SEE THE STUNNING CLARITY FOR YOURSELF - ENTER TO WIN A 50" HDTV AT OVATIONTV.COM/HDGIVEAWAY.

To sign up for Ovation HD now:
Contact Ellen Schned, SVP Distribution 310.430.7535 or email eschned@ovationtv.com.

Watch *Art in the City - Chicago*
An Ovation Original Series in HD

© Ovation LLC 2010

Ovation HDTV Sweepstakes Abbreviated Rules. No purchase necessary to enter or win. Sweepstakes open only to legal residents of the fifty (50) United States, 18 years of age or older, who are employed by a cable company, direct broadcast satellite provider or other multichannel video programming distributor. Sweepstakes starts 8/ 1/10 and ends on 11/ 30/10. One (1) Grand Prize: A HDTV with approximate retail value \$2000. Odds of winning depend on the number of eligible entries received. Subject to complete Official Rules available at <http://www.ovationtv.com/hdgiveaway>. Void where prohibited.

OVATION HD
ovationtv.com

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefaxdaily.com ● fax: 301.738.8453 ● Editor-in-Chief: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Exec Editor: Michael Grebb, 301.354.1790, mgrebb@accessintel.com ● Assoc Editor: Chad Heiges, 301.354.1828, cheiges@accessintel.com ● Asst VP, Ed Director: Seth Arenstein, 301/354-1782, sarenstein@accessintel.com ● Publisher: Debbie Vodenos, 301.354-1695, dvodenos@accessintel.com ● Assoc Publisher: Amy Abbey, 301.354.1629, aabbey@accessintel.com ● Marketing Dir: Carol Brault, 301.354.1763, cbrault@accessintel.com ● Prod: Joann Fato, 301.354.1681, cdaily@accessintel.com ● Diane Schwartz/VP and Group Publisher ● Subs/Client Services: 301.354.2101, fax 301.309.3847 ● Group Subs: Carol Brault, 301.354.1763, cbrault@accessintel.com

with the planned 4Q launch of PC on the TV, a service providing subs with TV access to everything on the Web through a centralized service. “We want to give people entire choice,” said Rutledge, who nonetheless acknowledged that set-top interfaces overall are difficult to update. CableLabs, meanwhile, is attempting to standardize the use of iPads as TV remotes, said Liao, who positively noted that cable has already deployed 40mln+ digital set-tops that allow for interactive TV apps. “Change brings opportunities,” said Esser. And threats, too.

Mediation: Maybe **DISH** and **MSG** will go to binding arbitration. One day after MSG said it’s “perfectly willing” to go that route, the DBS provider said it’s open to every possible means of resolving the dispute, which has kept MSG and MSG Plus off the air since Oct 1. “We believe arbitration is a good solution for these sorts of situations and are looking forward to further discussions with MSG on this topic,” DISH said Wed. -- **Comcast** and **Tennis Channel** have opted for mediation to attempt to resolve their program carriage dispute instead of going directly to an **FCC** Administrative Law Judge. They’ve agreed to complete the mediation by Nov 24. Earlier this month, the FCC Media Bureau said Tennis’ carriage complaint against Comcast raised enough “substantial and material” questions to warrant a hearing on whether the MSO has violated program carriage rules. Sports-tier relegated Tennis claims Comcast discriminates against it in favor of channels it owns—with **Golf** and **Versus** available on widely distributed tiers. It filed the complaint in Jan, 1 week after Comcast announced its proposed jv with **NBCU**.

Day 5: As the **Cablevision-Fox** standoff continued Wed, Democratic **FCC** commish *Michael Copps* raised net neutrality concerns. For a change, they were pointed at a content provider instead of a distributor. “For a broadcaster to pull programming from the Internet for a cable company’s subscribers, as apparently happened here, directly threatens the open Internet,” Copps said, referring to reports of Fox pulling online content briefly in CVC markets. “This was yet another instance revealing how vulnerable the Internet is to discrimination and gate-keeper control absent clear rules of the road.” He called on the FCC to take a “very serious” look at whether good faith negotiations are occurring and what exactly that phrase means in the “dog-eat-dog world of big media.” **CTAM** Summit attendees in New Orleans heard briefly from CVC’s *Tom Rutledge* on the spat, with the COO saying his company will not pay those kind of rate increases. He said this isn’t the time to raise rates on customers—CVC upped video pricing by about 4% this year, but hasn’t raised data rates in 7 years and never in phone—and that the Fox situation “calls for government intervention because these are regulated businesses.” Cablevision declined to comment on a call from state senator *Tom Goodwin* (R) to reimburse customers for the contract dispute. Identifying himself as a Cablevision customer and lifelong Phillies fan, Goodwin wrote in a letter to CVC’s *Jim Dolan* Wed that he was outraged at the pace of negotiations. Meanwhile, the **American Television Alliance** (the group made up primarily of distributors petitioning the FCC for retrans reform) complained about the FCC tweet-

CBS COLLEGE SPORTS.COM

ARMED FORCES SALUTE

Free Preview Available –
Contact: Bob Rose Brose@cbs.com

OCTOBER 25 - OCTOBER 31
OCTOBER 30 TRIPLEHEADER
VMI at ARMY 12 ET | DUKE at NAVY 3:30 ET
UTAH at AIR FORCE 7:30 ET

CBS COLLEGE SPORTS NETWORK

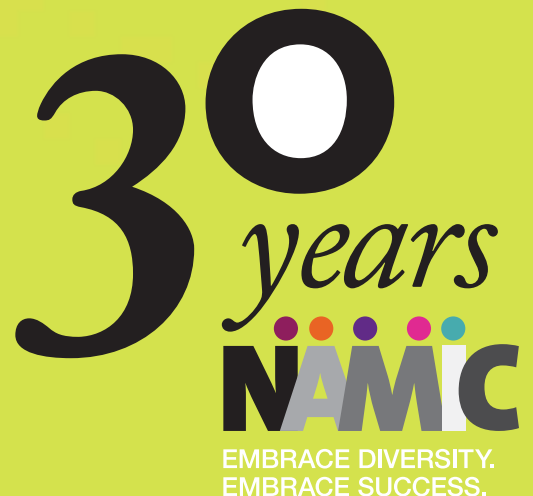
LEADERSHIP FELLOWSHIP SPONSORSHIP MENTORSHIP PARTNERSHIP

It all adds up to **MEMBERSHIP**

You may be asking yourself,
“What’s in **NAMIC** for **ME**?”

When you join NAMIC, you become part of a community dedicated to creating a communications industry that values and demonstrates diversity in leadership, programming, employment, ownership and supply chain. Whether you are an individual who aspires to advance in your career, or a practitioner who is looking for resources and intelligence to escalate your company’s diversity initiatives, NAMIC delivers the knowledge, strategic networking and insights that the new generation of business demands. And now, more than ever, that equates to your success.

Join Today. Lead Tomorrow. Visit NAMIC.com



The National Association for Multi-ethnicity in Communications educates, advocates and empowers for multi-ethnic diversity in the communications industry.

ing updates from Tues' Phillies-Giants game to Cablevision subs instead of stepping up with a real solution by reforming retrans rules, while **Free Press** used the fight to pressure the FCC to consider the impact a **Comcast-NBCU** merger will have on future retrans disputes. **DirectTV**, **DISH** and the **ACA** wrote the FCC, saying the blocking of online content confirms the need for the Commission to safeguard MVPD subs' access to online content in the Comcast/NBCU proceeding. "A vertically integrated Comcast/NBCU would have an even greater incentive and ability to take similar action," they wrote.

SCTE Notebook: As consumers change their content consumption habits, cable engineers are scrambling to deploy EBIF, integrate services into third-party devices and migrate (eventually) to IP video. But the process is elusive, said panelists during **SCTE's** opening session in New Orleans on Wed. "We're all trying to poke and prod at this and figure out what consumers want," said **Cox** svp, technology *Jay Rolls*. Specific issues—such as the necessary bandwidth to meet consumers' upstream data needs in the coming years—remain equally unclear. "We need enough," said **Comcast** svp, CPE and home networking *Steve Reynolds*. "We need a network that's flexible enough" to change direction quickly if consumer behavior suddenly changes. *Michael Hayashi*, **Time Warner Cable** evp, architecture, development and engineering, said upgrades can be complex undertakings because consumers expect no network disruptions. "I think it's really challenging to touch anything in the plant," he said. "We are a 24-hour service." As EBIF rolls out, panelists said the industry's "pipe cleaning" to ensure EBIF apps can travel from headend to set-top properly continues. "The good news is we're getting much better at it," said Reynolds. "There have been a lot of lessons learned." Making sure EBIF is scalable remains a priority as well, with Rolls agreeing that "this is going to be a learning process. We're going to learn on the fly here."

-- **Cisco** unveiled its new 3G60 Broadband Processing Engine, designed as a modular CMTS solution for its Universal Broadband Router and CMTS. **Cox**, **Comcast** and others are working on testing, with the card a good fit for IP video services. -- **SeaChange** and **BlackArrow** have teamed to offer a joint targeted ad solution in North America, integrating SeaChange's AdPulse on Demand advanced ad tech and its Adrenalin back office with BlackArrow's Advanced Advertising System. It's expected to be released in early '11 and will evolve to support multiple screens with a single platform.

For Sale: **News-Press & Gazette** is exploring the sale of its cable assets, including **St Joseph Cablevision** and systems in Mammoth Lakes, CA, and AZ (including Flagstaff and Sedona). It has retained **RBC Daniels**, according to the *St Joseph News-Press*, which NPG would continue to own. It also would keep its broadcast stations in CO, TX, CA, AZ and OR—the same stations that it threatened to pull from **DirectTV** earlier this year in retrans negotiations. (Did we mention NPG is a member of retrans reformer ACA?) St Joseph's Cablevision was founded in '65. The News-Press article sites an active buyer market as reason for the sale.

In the States: **Time Warner Cable** will launch its 4G mobile Internet for residents and businesses in the NYC area on Nov 1, offering speeds of up to 6Mbps. More info and pricing: <http://www.timewarnercable.com/mobile>. -- **Time Warner Cable** NYC has launched **The Africa Channel** in HD.

Competition: **Verizon's** giving away prepaid **Visa** cards worth up to \$200 toward the purchase of a new DROID smartphone for new customers choosing either **FIOS** or HSD bundles.

WICT Breakfast: The emergence of social media and Web services offer a huge upside for women working in cable technology or non-tech women seeking to migrate to the tech side, panelists said during **WICT's** Tech It Out Breakfast Wed in New Orleans. "What we see as apps, our teens see as part of their lives," said **Canoe Ventures** CTO *Arthur Orduna*. The social media revolution has spread beyond traditional IT and computer science fields into all facets of people's lives, translating to potential employment for women, he added. On the Web services side, Orduna noted cable must present a slew of apps and services to customers. "How do we make the iPad an authenticated device for a cable network [customer]?" he asked. "We're working on it," answered moderator and **Comcast** product engineering vp *Sherita Ceasar*, who urged women contemplating a move to the tech side to take advantage of the massive amount of tech information available free online. Promoting one of Tech It Out's main themes, **Discovery** svp of IT media systems *Sandy Cusick* said "a diversity" of thought and education is important to tech businesses. Engineers need help from non-engineering business people to properly "harness technologies" for consumers. **HGTV/DIY** vp of audience experience *Robin Parton Pate* noted the proliferation of social media has resulted in companies needing to collect and analyze massive amounts of consumer data, providing new careers for women in tech and related jobs like Chief Listening Officer. "Don't feel like you have to be an engineer" to work on the tech side of cable, **Arris** svp strategic market development *Sandy Howe* said. "I was hired because I was not an engineer," she said. At first Howe contemplated a career in fashion, but ended up in tech, thanks to "a lot of studying at night." Still her sales skills helped her move up the ladder in tech. At one point, "I was designing fiber optic networks and selling them," she said.

Ratings: **TBS'** game 4 ALCS coverage Tues goes down as the 2nd most-watched LCS game in cable history,

BUSINESS & FINANCE

delivering a 6.3 HH rating and some 9.9mln total viewers.

Programming: Barack Obama is slated to make his 1st appearance on **Comedy Central's** "Daily Show" since taking office as President on Wed, 11pm. It'll be his 5th appearance on the show overall. -- **C-SPAN** will hit the 100 debate milestone this election cycle, with live coverage of the IL Gov debate at 8pm ET. It'll be followed by coverage of the FL Gov, PA Senate and CT Gov debates. -- **Encore** pays tribute to Oscar-winning visual effects giant **Industrial Light & Magic** with original doc "Industrial Light & Magic: Creating the Impossible" (Nov 19, 9pm).

On The Circuit: Retrans be damned, **Cablevision** and **Rainbow** hosted a mighty soiree Tues in New Orleans, seemingly filling every inch of the House of Blues with music (different genres in several locations), Creole cuisine (thanks to *Charlie Schueler* for the vanilla bread pudding), palm readers and small alligators. Cheerleaders, *Jim Dolan's* band, Halloween costumes and "Mad Men" star *Jon Hamm* piled on the raucous fun. -- **SCTE** and Tuck Exec Education at Dartmouth are partnering to create the week-long SCTE Leadership Institute's Executive Series. The curriculum for cable execs includes an emphasis on communication skills for effective execution of technology strategy and leadership skills to increase the effectiveness of deployment and operations teams.

CableFAX Daily Stockwatch

Company	10/20 Close	1-Day Ch	Company	10/20 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/			ARRIS GROUP:	9.49	(0.03)
DIRECTV:	42.67	0.18	AVID TECH:	13.84	0.41
DISH:	19.57	0.41	BIGBAND:	2.95	0.05
DISNEY:	34.62	0.38	BLNDER TONGUE:	2.30	(0.03)
GE:	16.05	(0.02)	BROADCOM:	37.21	0.39
NEWS CORP:	16.15	0.56	CISCO:	23.40	0.43
MSOS					
CABLEVISION:	26.36	0.33	CLEARWIRE:	7.13	0.26
CHARTER:	32.98	(0.11)	COMMSCOPE:	22.55	0.38
COMCAST:	19.38	0.27	CONCURRENT:	6.50	(0.04)
COMCAST SPCL:	18.26	0.25	CONVERGYS:	11.47	0.21
GCI:	10.14	0.12	CSG SYSTEMS:	19.32	0.40
KNOLOGY:	14.48	0.12	ECHOSTAR:	19.34	0.57
LIBERTY CAPITAL:	57.52	0.60	GOOGLE:	607.98	0.15
LIBERTY GLOBAL:	34.13	0.58	HARMONIC:	6.98	0.16
LIBERTY INT:	14.44	0.43	INTEL:	19.64	0.43
MEDIACOM:	7.08	0.01	JDSU:	11.59	0.19
SHAW COMM:	22.58	0.25	LEVEL 3:	0.86	(0.01)
TIME WARNER CABLE:	57.60	0.35	MICROSOFT:	25.31	0.21
VIRGIN MEDIA:	24.21	0.38	MOTOROLA:	7.96	0.07
WASH POST:	372.43	(6.68)	RENTRAK:	27.05	0.08
PROGRAMMING					
CBS:	17.50	0.38	SEACHANGE:	7.54	0.03
CROWN:	3.25	(0.04)	SONY:	33.21	0.34
DISCOVERY:	43.37	0.71	SPRINT NEXTEL:	4.61	0.04
GRUPO TELEVISA:	22.12	0.28	THOMAS & BETTS:	45.04	1.15
HSN:	30.77	0.36	TIVO:	10.41	0.38
INTERACTIVE CORP:	25.47	0.02	TOLLGRADE:	7.43	0.05
LIBERTY:	39.74	0.45	UNIVERSAL ELEC:	21.37	(0.02)
LIBERTY STARZ:	66.59	1.33	VONAGE:	2.70	0.06
LIONSGATE:	7.49	0.01	YAHOO:	15.80	0.31
LODGENET:	2.87	0.11	TELCOS		
NEW FRONTIER:	1.79	UNCH	AT&T:	28.61	0.40
OUTDOOR:	5.90	0.11	QWEST:	6.40	0.11
PLAYBOY:	5.07	(0.02)	VERIZON:	32.64	0.48
SCRIPPS INT:	48.32	0.83	MARKET INDICES		
TIME WARNER:	31.71	0.51	DOW:	11107.97	129.35
VALUEVISION:	2.37	(0.03)	NASDAQ:	2457.39	20.44
VIACOM:	41.55	0.80	S&P 500:	1178.17	12.27
WWE:	13.86	0.02	TECHNOLOGY		
ADC: 12.66 (0.01)					
ADDVANTAGE: 3.09 0.01					
ALCATEL LUCENT: 3.63 0.13					
AMDOS: 29.84 0.42					
AMPHENOL: 48.67 (0.1)					
AOL: 25.31 0.11					
APPLE: 310.53 1.04					



CableFAX™

THE MAGAZINE

2010 Most Powerful Women in Cable

Salute the women who have made their mark on the industry with leadership, innovation and community!

Special Section: Women in Cable Technology

Publication Date: November 11, 2010 ■ **Space Deadline:** October 22 ■ **Artwork Deadline:** October 28

Advertising Contacts:

Debbie Vodenos | Publisher | dvodenos@accessintel.com | 301.354.1695

Amy Abbey | Associate Publisher | aabbey@accessintel.com | 301.354.1629

Join us for CableFAX's Most Powerful Women in Cable Breakfast on December 10, 2010 at the Grand Hyatt, NYC.
Register at www.cablefax.com.

Think about that for a minute...

You Broke It, You Fix It

As this is being written the Fox/Cablevision imbroglio is still playing out. Sometime soon there will be a resolution to the latest retransmission consent standoff, but that shouldn't be the end of the issue. The government, whether it is Congress, or for now the FCC, has got to step into this broadcast signal carriage mess and straighten it out. They, after all, are the ones who created it. They should be the ones responsible for fixing it.

Let's remember a little history here. This all started many years ago when the Supreme Court ruled that cable systems were not, in fact, violating the then in force copyright law. That allowed cable systems to "import" distant signals and that, in turn, interfered with the "market" based cartel that had been created to "protect" local broadcast signals.



Steve Effros

Remember that at that time, and still today, local broadcasters have an inordinate amount of political clout because they produce the "local news," or at least they used to.

The other side of that protection was the "must carry" rule, which said local cable systems, which were in fact helping local broadcasters by delivering their signals to viewers who were otherwise having trouble receiving them, were required to carry all local broadcast signals before they could do anything else. The FCC then set up a series of rules that significantly blocked the carriage of competitive broadcast signals in local markets.

This, in turn, resulted in a sort of "Chinese curse" (beware of what you ask for, you may get it!) being visited upon broadcasters; since the cable system could not bring in competitive broadcast signals, the cable programming industry was born. It has been steadily eating away at broadcaster ratings ever since. This is especially true because the programmers got a "dual revenue

stream" from both the cable operator and advertisers. The broadcasters only had one stream; advertising, and the value to advertisers was going down.

So the "fix" instituted by Congress was "retransmission consent." Now, if a broadcaster didn't fear non-carriage, he or she could demand compensation for carriage instead! It makes little sense to say that broadcasters were so important to the health of a community that they "must" be carried and then turn around and say that the same broadcaster could block carriage unless the cable operator acquiesced to whatever demands the broadcaster made. But that's what Congress did.

So now we have the broadcasters with extraordinary leverage, as a result of Congressional fiat, and more than forty years of operation, allowing them to establish long-term contracts for very high value programming, such as local sports, and then allowing them to threaten to deny viewer access to that programming unless the cable operator, who still helps them deliver their programs, charges those viewers extra for that privilege! That's a mess. And notice that the broadcasters "conveniently" create these "blackout" battles when there are key sports or "must have" programs, like the Oscars, on the schedule.

The threat of "blackouts" has to be eliminated. Then, if necessary, arbitration may be appropriate. But the current situation of unalloyed broadcaster leverage at the expense of consumers is simply not acceptable. The first step is for them to be told they can no longer use retransmission consent as a club over viewers. Then the entire "special case" status of broadcasting should be revisited. Congress and the FCC created this mess, they should fix it. Now.

Steve

T:202-630-2099
steve@effros.com



Deadline: November 5, 2010

Deadline: November 5, 2010 • Enter At: www.CableFAX.com/BOW

CableFAX's Best of the Web Awards is the industry's top honor in the digital space, recognizing outstanding websites and digital initiatives among cable programmers, operators, vendors and associations.

The CableFAX Best of the Web Awards will also salute the cable executives behind the scenes who make these digital initiatives shine. The awards are presented by the most trusted information source in cable: CableFAX Daily and sister brand CableFAX: The Magazine. The winners and honorable mentions will be saluted during an awards event in April 2011 in New York City.

Sponsorship Opportunities: Debbie Vodenos at 301-354-1695; dvodenos@accessintel.com
Entry Questions: Elizabeth Brown at 301-354-1610; ebrown@accessintel.com