

CableFAX Daily™

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What the Industry Reads First

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Shiny Objects: Cable Execs Urge Focus on Core TV Business

The CTAM Summit ended Tues on a reflective note, as a heavy hitting panel of senior cable execs mulled the risks of obsessing about online video and the multiplatform landscape. "I think TV Everywhere is important," said *Peter Stern*, **Time Warner Cable** evp/chief strategy officer, "but let's not lose sight of what's really important, which is the TV screen." He urged the industry to work to improve the TV experience so people can get what they love about the Internet—instant and easy access to content they want when they want it—"as opposed to focusing on the next shiny object." Said *David Preschlak*, **Disney/ESPN** evp, affiliate sales and marketing: "At times, we sell ourselves short," especially when it comes to "the power of the television set and where it can go." **Comcast** evp, content acquisition *Matt Bond* said the viewing of billions of VOD streams each year "doesn't get the press attention it deserves" but added that "clearly there's something happening here" with consumer behavior across platforms—"It's a great opportunity for us if we can seize it." Meanwhile, **Turner** vice chmn *Andy Heller* said the current cable business model benefits operators, programmers, advertisers and consumers alike, and that any new approaches "must be supportive of the model we've built" and not damage "a business that has been very profitable for all of us for a very long time." **Hulu** CEO *Jason Kilar* said he recognizes such concerns and wants to work with the industry: "We're not in an evil plot to destroy the world" (Hulu's ad campaign withstanding). But he also said there's no telling how models will eventually shake out. "Nobody knows the future," he said. "And if anyone tells you they know what the future is going to be, don't believe them."

Cable's Workshop: As cable industry techies work to improve their wares, **Fox Cable** pres *Rich Battista* told CTAM attendees in Denver that "disabling fast forward and dynamic ad insertion is really important to us" no matter what the platform. Battista sees "massive potential for VOD" but said "we've got to feel like we're going to be able to monetize it." **Time Warner Cable** CTO *Mike LaJoie* said despite VOD issues stemming from legacy equipment and difficult navigation, the biggest hurdle remains "the ability to get past business issues." *Tony Werner*, **Comcast** evp/CTO, said he expects DVR usage to double among Comcast subs over the next few years, prompting Battista to confess that the thought sends "shivers down my spine" because DVRs enable people to skip over ads. Of course, that's an issue that network DVRs could fix. Said Werner: "We all like the network DVR idea, and we'll get there."

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SOURCE: The Nielsen Co., Live, (1-2) M-Su 8P-11P, Cvg AA%, (1) 2095-3009, HH, W25-54 (2) 3009 vs. 3008, HH, W25-54 (3) Premiere date 10/04/2009. M-Su 6A-6A, Cvg AA%, P25-54, 10/4/09 premiere vs. all Food Network historical premiere telecasts (tied with "Best Thing I Ever Ate" premiere 6/21/09). Network specials excluded. Subject to qualifications upon request.

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Broadband Stimulus: Senators, including **Sen Commerce** chmn *Jay Rockefeller* (D-WV), took **RUS** to task Tues for defining remote areas as being 50 miles away from a non-rural areas. RUS head *Jonathan Adelstein* told members of the Sen Commerce committee that the definition will be revisited in the next NOFA, saying the goal of the definition was to provide grants to the hardest to reach, most remote areas. "It turns out maybe we went too far," he said. **NTIA** is targeting its 1st grant awards for mid-Dec, about a month later than originally planned, NTIA chief *Lawrence Strickling* said. NTIA won't complete its 1st round of funding this year, but does expect to do so by early '10, he said. NTIA and RUS received about 2200 applications requesting nearly \$28bln in funding in round 1. All told, the agencies have just \$7.2bln to dole out.

Old Media: As the flow of information to consumers grows as part of the digital revolution, established media institutions could have an increasingly important role in analyzing and parsing the flood of information, **Facebook** co-founder *Chris Hughes* told **NAMIC's** opening general session. During the next 5 years a tidal wave of information will inundate consumers, Hughes predicted, as anyone with a computer can become a creator of content. As a result, many consumers will feel unable to keep up with it all. This will prompt a move back to "friends, institutions and media" to synthesize the information, "to figure out what's relevant," Hughes said. Newspapers and traditional media might be able to fill that job, but they have to accept that role and default to a more personal and transparent style, he said. "There will be more demand for trust," he added. For cable nets, Hughes said they could be successful in social media but they must be willing to try. The worst thing for established media to say is that social media will soon be gone and "it's only something my kids do."

Net Neutrality: It's *Marsha Blackburn* for the block. The TN Republican introduced legislation into the House Tues that would prevent the **FCC** from imposing net neutrality regulations. A similar bill was introduced in the Senate by *John McCain* (R-AZ) last week. -- The **FCC** said Web 2.0 tools would be a key part of its NPRM on net neutrality rules. OpenInternet.gov is a portal for public participation in the discussion. Among the links included on the site is one to Idealscale at <http://openinternet.ideascale.com/>, which allows the public to evaluate, rank and discuss the ideas regarding the open Internet.

In the States: **Cablevision** launched "iO TV Quick View," 3 new channels available to digital subs that feature a mosaic of 9 different channels devoted to kids, sports or news programming. The service is delivered through technology developed by **ActiveVideo Networks**. -- According to reports, **Vivendi** CEO *Jean-Bernard Levy* said **NBCU** could be packaged as an IPO if his company decides to sell its 20% stake.

SCTE News: Former **Comcast** exec *Steve Craddock* was named evp, CTO for **PCT International**, a manufacturer

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of last mile and access network solutions for broadband networks. -- **Pace** announced that multiple cable ops, including **Buckeye Cablevision**, **Mediacom** and **Sunflower Broadband**, are nearing completion of field trials of its Home Content Sharing solution. **NCTC** has also agreed to offer the product, which includes dual tuner, HD-DVR functionality on every TV in the home, to its membership. -- **BigBand** surpassed 600K shipped Edge QAMs to more than 60 service providers worldwide. -- **Motorola** will be showing its next-generation SURFboard DOCSIS 3.0 modems and integrated gateways, designed to deliver ultra-broadband IP-based voice and data services.

ACC Notebook: At an ACC panel Tues, Rainbow pres/CEO Josh Sapan called “misguided” any attempts by programmers to go around distributors and said any short-term benefit isn’t worth the long-term threat to the dual-revenue stream model. Indeed, Mediacom chmn/CEO Rocco Commisso said he pays ever-increasing license and retrans fees, often with no benefit to customers. “This is a racket,” he said. “Where’s it going to end?” But Starz chmn/CEO Robert Clasen said the movie studios are the bigger over-the-top threat. “We’re always policing the people we buy from,” he said. “They’re always looking for a way to bypass me and to bypass Rocco.” Meanwhile, CableLabs pres/CEO Paul Liao said the apparent consumer fascination with Internet video may stem partly from “the failure of our ability to communicate” the plethora of choices already available on cable VOD.

Connections Notebook: Honorary chair *Bob Classen* of **Starz** had one of the day’s best lines as he welcomed **NAMIC** to Denver: “It’s great to see all of you here. And if it snows as much as they say it will, you’ll all be here for the weekend.” Forecasts Tues predicted an unseasonable 6-12 inches of snow in the city and double that in the foothills. -- **CTAMers** loved the venue for Mon morning’s general session, the lovely Wells Fargo Theater in the CO Convention Center, yet there were perplexed by the opening video. The entertaining and amusing piece had **Fox** talent cracking wise about cable buzz words like authentication and advanced advertising. The curious part was no cable talent was involved. Instead Fox broadcast and sports talent like *Kiefer Sutherland*, *Terry Bradshaw*, *Howie Long* and *Michael Strahan* were seen.

Celebrating Diversity: A NAMIC breakfast in Denver Tues honoring **CableFAX’s** Top Minorities in Cable gave attendees much food for thought, including the importance of mentoring. *Charisse Lillie*, **Comcast’s** vp, community investment and evp, **Comcast Foundation**, credited early mentoring (“I was eventually adopted by folks in **WICT** and **NAMIC**”) for her success but said she now gets even more out of mentoring others. **Disney-ABC** evp, digital media *Albert Cheng* credited **NAMIC** and headhunter *Ann Carlsen* for helping him break in at Disney, where he said Disney chief *Bob Iger* took him under his wing. When he asked Iger whether he needed a programming background to reach his level, Cheng said Iger told him “what’s more important is who you are as a person and the leadership qualities you can bring.” And **Showtime** evp, human resources *Ray Gutierrez* credited Showtime chief *Matt Blank* for determining that “we need to give a guy like Ray a chance” and urged other CEOs to do the same. The panelists also agreed that a bad economy is no time to let diversity slide, with Gutierrez noting that doing so can hurt companies later “when the sun shines again.”

Online: A new **NBA League Pass Broadband** package allows subs to choose up to 7 teams to follow live online throughout the season for a limited time offer of \$90 (through Nov 3), or opt for access to every team for an early rate of \$135. Available to more than 200 countries, the service, included with a **NBA League Pass** subscription, bows new features such as a live-game DVR function to pause and rewind action and a full-season archive to view games on-demand, and fans may watch multiple live games simultaneously. Separately, **DISH** is offering a free preview of the linear NBA League Pass through Tues.

Technology: The **HITS Advanced Interactive Services** suite can now support the commercial deployment of iTV

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BUSINESS & FINANCE

services by cable ops following months of testing by MSOs including **Bend Broadband** and **Buckeye CableSystem**. Available apps include **Yellow Pages on TV**, an EBIF-based app from **FourthWall Media** that combines local search and video to make long-tail advertising possible on TV.

Business/Finance: **Liberty Media** received a private letter ruling from the **IRS** concerning the tax treatment of its proposed split-off of **Liberty Ent** from **Liberty Media** (subsequently, Ent will merge with **DirecTV**, with the new entity to trade under DirecTV), a fulfillment of 1 of the deal's completion conditions. The letter provides that the split-off will qualify as a tax-free transaction for Liberty Media. Based on guidance from the letter, DirecTV believes it will be able to implement an open market share repurchase program following the closing. **Wells Fargo Securities** expects the merger to be completed shortly after the final Nov 19 shareholder vote. -- **Pali** upped **Viacom** to 'buy' from 'neutral,' citing a strong ent div and a slowing of linear nets' ratings erosion. -- **Wells Fargo Securities** upgraded **Cablevision** and **Verizon** to 'outperform' from 'market perform.' -- The box score is finally complete, as **Tribune Co's** \$845mln sale of the **Chicago Cubs**, **Wrigley Field** and a 25% stake in **Comcast SportsNet Chicago** to the **Ricketts** family was closed Tues after the assets were put on the sale block in '07.

CableFAX Daily Stockwatch

Company	10/27 Close	1-Day Ch	Company	10/27 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	35.42	0.18	AMPHENOL:	41.62	0.17
DIRECTV:	25.58	(0.56)	APPLE:	197.37	(5.11)
DISH:	17.70	0.00	ARRIS GROUP:	10.59	(0.78)
DISNEY:	28.17	(0.48)	AVID TECH:	13.18	(0.06)
GE:	14.93	(0.08)	BIGBAND:	3.95	(0.06)
NEWS CORP:	14.08	(0.22)	BLNDER TONGUE:	1.20	(0.05)
MSOS					
CABLEVISION:	23.04	(0.04)	BROADCOM:	27.25	(0.73)
COMCAST:	14.71	(0.13)	CISCO:	23.54	(0.16)
COMCAST SPCL:	14.07	(0.19)	CLEARWIRE:	6.74	0.02
GCI:	6.14	0.01	COMMSCOPE:	28.86	1.09
KNOLOGY:	10.58	(0.34)	CONCURRENT:	4.21	(0.24)
LIBERTY CAPITAL:	21.49	(0.44)	CONVERGYS:	11.01	0.35
LIBERTY ENT:	30.38	(0.43)	CSG SYSTEMS:	16.15	(0.25)
LIBERTY GLOBAL:	21.55	0.20	ECHOSTAR:	19.23	(0.13)
LIBERTY INT:	11.62	(0.29)	GOOGLE:	548.29	(5.92)
MEDIACOM:	5.26	0.20	HARMONIC:	6.18	(0.11)
RCN:	8.90	(0.05)	INTEL:	19.74	(0.09)
SHAW COMM:	18.27	(0.09)	JDSU:	6.11	(0.16)
TIME WARNER CABLE:	40.41	(0.4)	LEVEL 3:	1.36	0.03
VIRGIN MEDIA:	13.62	(0.14)	MICROSOFT:	28.59	(0.09)
WASH POST:	452.93	(6.93)	MOTOROLA:	7.90	(0.14)
PROGRAMMING					
CBS:	12.44	(0.33)	OPENTV:	1.53	(0.01)
CROWN:	1.76	0.01	PHILIPS:	26.09	(0.19)
DISCOVERY:	29.05	(0.67)	RENTRAK:	16.39	(0.38)
EW SCRIPPS:	7.09	(0.41)	SEACHANGE:	6.94	(0.05)
GRUPO TELEVISA:	20.19	(0.25)	SONY:	29.22	0.06
HSN:	16.50	(1.2)	SPRINT NEXTEL:	3.17	(0.03)
INTERACTIVE CORP:	19.24	(0.11)	THOMAS & BETTS:	35.30	0.73
LIBERTY:	34.65	(0.65)	TIVO:	11.72	0.09
LODGENET:	4.94	(0.14)	TOLLGRADE:	5.87	(0.03)
NEW FRONTIER:	2.00	(0.01)	UNIVERSAL ELEC:	20.95	(0.12)
OUTDOOR:	6.76	0.12	VONAGE:	1.63	0.21
PLAYBOY:	2.93	(0.42)	YAHOO:	16.69	(0.18)
RHI:	2.94	(0.1)	TELCOS		
SCRIPPS INT:	38.92	0.04	AT&T:	25.60	0.29
TIME WARNER:	30.39	(0.34)	QWEST:	3.45	(0.04)
VALUEVISION:	3.44	(0.16)	VERIZON:	29.20	0.56
VIACOM:	29.72	(0.22)	MARKET INDICES		
WWE:	14.03	0.14	DOW:	9882.17	14.21
TECHNOLOGY					
3COM:	5.36	(0.12)	NASDAQ:	2116.09	(25.76)
ADC:	6.76	(0.29)			
ADVANTAGE:	2.40	0.00			
ALCATEL LUCENT:	4.27	(0.05)			
AMDOCS:	25.02	(0.23)			

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