

# CableFAX Daily™

Wednesday — November 12, 2008

What the Industry Reads First

Volume 19 / No. 220

## Economic Shakedown: The Good, Bad & Ugly

Unlike previous post-WWII recessions that have lasted 10-12 months, **Merrill Lynch's** economist sees the current recession lasting longer—probably about 18 months. That grey cloud was delivered at **CTAM Summit's** closing session Tues by Merrill Lynch's *Jessica Reif Cohen*. Calling cable "recession resistant, not recession proof," she noted that MSO stocks tend to recover earlier in a recession (1-2 quarters after a recession begins), while entertainment stocks recover much later (1-2 quarters after it ends). She sees cable's net adds slowing down and not getting back to trend lines for about 2 years. During the '90s, cable net adds slowed about 50%, she said. Still, it wasn't all doom and gloom. **Discovery's** *David Zaslav* said that so far cable has been very strong in terms of advertising—the most worrisome revenue source during the turndown. Discovery is up about 9% overall on the ad side, he said, crediting some of that to cable pricing being below broadcast and to broadcast ratings declines. "Having said that, we're looking into next year, and we're pretty cautious," Zaslav added. "4Q still remains strong. It has slowed down, but we're holding our own. In 1Q, advertisers haven't started to flee yet. I do think if the economy is as bad as Jessica says, it will close in on us as well." **Canoe** CEO *David Verklin* said that if anything, advertisers are more interested in Canoe's work to create a national platform for cable for addressable advertising. After the panel, Verklin told **Cfax** he asked the MSOs in the jv if, given the economy, he should slow down. "They turned to me and said, 'We're big redwoods that need to be trimmed. You're a tiny little plant that needs to be watered. If anything, go faster,'" he said. Advertisers and programmers seem to feel the same way, with a "ridiculous level" demanding to have meetings with Canoe, according to Verklin. "They're looking for some change in the linear 30-sec TV commercial...this crisis could drive us toward that at an accelerated rate," Verklin said. **Cablevision's** *Tom Rutledge* said history has shown that while home construction slows down, so does cap ex for operators. "Your business is actually quite stable from a free cash flow perspective and from an operated cash flow perspective, and ultimately your business booms once things start up again," he said.-- CTAM saved the best for last, with Tues' closing session serving as the climax of the 3-day show. A few more highlights: Zaslav spoke against giving full episodes for free on the 'Net, saying his company's not chasing the Web because the economic model isn't strong. "We need to get practical on the content side of the business, and take a look at where our bread is buttered." Rutledge declared that he never viewed VOD as a new revenue stream, but simply as a technology. Reif Cohen adamantly disagreed, declaring it a lost opportunity for cable with an \$8bln movie rental business there for the taking. If programmers had been able to figure out the programming rights dilemma (many don't own the rights to their programming) and offered ops everything, then VOD would be different today, Zaslav said, calling network DVR a backdoor to getting all those rights.

**CTAM Notebook:** Sunday is fun day for online viewing. Not only do sports properties see a spike in online activity, but **Fancast** svp *Karin Gifford* said that Sunday is the biggest day for her platform. She suggested that a lot of the Sun



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viewing comes from people playing catch-up on episodes they missed. -- "I'm not sure we'll remember YouTube in 10 years," **John Zehr**, **ESPN** svp digital media product dev said. During a CTAM panel, he suggested that YouTube will lose viewers as they migrate to quality content versus user-generated. But **CBS Interactive** svp **Ken Lagana** suggested no one count **YouTube** out yet as it accounts for about 85% of online viewing today. CBS became YouTube's 1st content partner to stream full episodes on the platform. -- CTAM Summit had 2214 attendees, down from last year's 2700+. Next year's show will be in Denver as part of the fall Cable Connection week. -- **Time Warner Cable** evp **Peter Stern** continued his role as **Glenn Britt's** emissary on Web TV issue during a broadband leadership breakfast Mon at CTAM. Stern argued against offering programs for free online in an attempt to capture "the elusive 18-24-year-old males." The question is, he said, what business model ensures the funding and creation of great brands and great content? Stern's answer is having customers "pay once" for content across multiple platforms. But former **MTV** hand and **Next New Networks** co-founder **Fred Seibert** disagreed, noting that great content and brands can and are being created in a free-content environment, ie at his company. With new paradigms in media, "new communities need specific, new brands," he said, including the niche video content found on the Web, the proverbial "dog on a surfboard." But Seibert said while media is undergoing "incredible adjustments...the cable model won't go away."

**Competition:** **FiOS TV** has added content from **Starz**, **Showtime** and **Sundance Channel** to its HD VOD library, which now totals more than 1K hours of programming. -- **DISH** said nationwide preordering will begin Nov 19 for its DTVPal DVR, a digital-to-analog converter box offering recording functionality for up to 150 hours of SD content or up to 30 hours of HD. The DBS op also said that a feature allowing customers to convert 2 specific set tops into DVRs by attaching an external hard drive will be available by the end of the month. -- **AT&T** has completed the 69-market roll out of its Total Home DVR through launches in 11 cities including Miami, Green Bay and Dayton. Separately, the telco has added **MGM HD** to its U-verse TV lineup.

**Carriage:** **Sky Angel** has renewed its carriage agreement with **ION TV** and agreed to also launch **Qubo Channel** and **ION Life**. -- **RCN** has added **Qubo Channel** in NY, Philadelphia, and DC. -- **Cox** has launched **Go!TV** as part of its Paquete Latino package in Baton Rouge and Acadiana, LA.

**VOD:** **Fox Sports Carolinas** and **Time Warner Cable** have partnered to offer on demand viewing of certain net shows in NC and SC. -- **Blockbuster's** planning to roll out a set top ahead of the holidays that allows movie streaming.

**Advertising:** Don't expect any sympathy from cable ops, who are facing advertising slowdowns of their own, but **TVB** has downwardly revised its '09 forecast covering local broadcast TV's spot market—only the 2nd time in history it has done so. TVB's outlook for local spots fell to -4% to -8% from 2% to -1%, and for national spots to -11.5% to -15.5% from -2% to -5%. -- **Motorola** and **BlackArrow** have devised a VOD server that's **SCTE 130** compliant and allows for dynamic insertion of targeted ads at any point in on demand content.

**Ratings:** Battles on the gridiron and at the ballot box dominated cable telecasts last week. **ESPN's** "MNF" led with a 10.2/10mIn, followed by 13 election night coverage blocks and **NFL Net's** 1st exclusive game of the season, which saw its total viewer avg slip slightly versus last year to 2.14mIn. 5 hours of **CNN** election coverage took spots 2-6, led by a 9.6/9.45mIn for the 11pm-midnight slot. 5 **Fox News** blocks ensued, led by a 6.5/6.17mIn from 9-10pm. **Brag Book:**



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# BUSINESS & FINANCE

The series premiere of **Style Net's** "Ruby" became the net's highest-rated original ever by delivering 545K total viewers and a .66 HH rating.

**Programming:** **Lifetime** picked up a full season of family comedy "Rita Rocks," which premiered Oct 20.

-- Through a new 4-yr agreement with **MSNBC**, *Keith Olbermann* will continue as host of "Countdown" and also play a prominent role in the net's coverage of all major news events.

-- **Discovery Emerging Nets Group** has inked a development deal with *Whoopi Goldberg's* company for series to air on **Investigation Discovery** and **Science Channel**. -- **Outdoor Channel** announced "Jimmy Big Time," an original scripted comedy slated for debut next year. The half-hour series offers viewers an inside look at outdoor activities with a mockumentary style of spoof and farce paired with over-the-top seriousness.

**People:** **Discovery Comm** appointed *David Shackley* svp, creative. -- **Lifetime Nets** named *Josh Sabarra* svp, corporate comm and publicity. -- Founding GM of the old **Discovery Times** network *Vivian Schiller* is leaving her post as head of **NYTimes.com** to become CEO of **NPR**.

**Business/Finance:** **Ski Channel** has raised sufficient capital to fully finance the channel in perpetuity. With a launch date expected next week, the net appointed *David Haskell* COO/CFO and *Neil Deiter* vp, development and operations.

## CableFAX Daily Stockwatch

Company	11/11 Close	1-Day Ch	Company	11/11 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BRITISH SKY:	24.80	(1.02)	AMDOCS:	18.24	(0.88)
DIRECTV:	20.95	(1.22)	AMPHENOL:	24.30	(1.16)
DISHNEY:	21.78	(0.3)	APPLE:	94.77	(1.11)
ECHOSTAR:	11.48	(1.76)	ARRIS GROUP:	6.14	0.05
GE:	17.81	(0.64)	AVID TECH:	14.16	(0.28)
HEARST-ARGYLE:	12.48	(0.66)	BIGBAND:	4.33	(0.1)
NEWS CORP:	7.88	(0.37)	BROADCOM:	15.94	(0.13)
<b>MSOS</b>					
CABLEVISION:	14.42	(1.04)	CISCO:	17.18	(0.39)
CHARTER:	0.38	(0.04)	COMMSCOPE:	12.48	(1.36)
COMCAST:	15.74	(0.8)	CONCURRENT:	3.61	(0.28)
COMCAST SPCL:	15.30	(0.82)	CONVERGYS:	5.80	(0.32)
GCI:	6.43	(0.42)	CSG SYSTEMS:	15.63	0.12
KNOLOGY:	4.53	(0.17)	ECHOSTAR HOLDING:	17.35	(0.7)
LIBERTY CAPITAL:	5.00	(0.47)	GOOGLE:	311.46	(7.32)
LIBERTY ENT:	13.53	(1.16)	HARMONIC:	5.27	(0.25)
LIBERTY GLOBAL:	14.61	(0.89)	JDSU:	4.23	(0.48)
LIBERTY INT:	3.76	(0.48)	LEVEL 3:	0.88	(0.02)
MEDIACOM:	3.91	(0.29)	MICROSOFT:	21.20	(0.1)
SHAW COMM:	18.18	(0.3)	MOTOROLA:	4.34	(0.16)
TIME WARNER CABLE:	17.80	(0.69)	NDS:	48.48	(0.99)
VIRGIN MEDIA:	5.56	(0.14)	NORTEL:	0.86	(0.09)
WASH POST:	404.70	(23.9)	OPENTV:	1.15	(0.08)
<b>PROGRAMMING</b>					
CBS:	7.66	(0.34)	PHILIPS:	17.75	(0.06)
CROWN:	2.45	(0.06)	RENTRAK:	10.80	(0.06)
DISCOVERY:	13.61	(0.46)	SEACHANGE:	7.55	(0.34)
EW SCRIPPS:	3.42	(0.18)	SONY:	22.42	(0.99)
GRUPO TELEVISA:	15.10	(0.83)	SPRINT NEXTEL:	2.53	(0.7)
HSN:	4.60	(0.15)	THOMAS & BETTS:	22.50	(0.95)
INTERACTIVE CORP:	15.96	0.00	TIVO:	6.18	0.06
LIBERTY:	28.63	(0.7)	TOLLGRADE:	4.67	(0.06)
LODGENET:	0.91	0.13	UNIVERSAL ELEC:	16.44	(0.53)
NEW FRONTIER:	1.73	(0.06)	VONAGE:	0.87	0.01
OUTDOOR:	6.67	(0.37)	YAHOO:	11.35	(0.52)
PLAYBOY:	1.68	(0.22)	<b>TELCOS</b>		
RHI:	6.94	(1.01)	AT&T:	27.33	(0.14)
SCRIPPS INT:	24.40	(0.39)	QWEST:	3.01	(0.13)
TIME WARNER:	9.69	(0.2)	VERIZON:	29.72	(0.77)
VALUEVISION:	0.47	0.00	<b>MARKET INDICES</b>		
VIACOM:	18.77	(1.43)	DOW:	8693.96	(176.58)
WWE:	12.65	(0.24)	NASDAQ:	1580.90	(35.84)
<b>TECHNOLOGY</b>					
3COM:	2.02	(0.11)			
ADC:	6.45	(0.2)			
ADVANTAGE:	1.83	(0.07)			
ALCATEL LUCENT:	2.48	0.00			



Natalie Grant

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## GUEST COLUMNIST

### CTAM On Demand Consortium Reaches New Heights

Part of the challenge in bringing new and advanced cable products to market is the need for solid collaboration among the many involved constituents.

Let's face it: Whether you work for a cable company, a content provider, or a technology supplier, chances are high that your viewpoint is relevant to the end product.

That's why the CTAM On Demand Consortium (or ODC for short) opted this year to expand its work beyond "just" On Demand, to also include advanced advertising, interactive TV (meaning tru2way and EBIF), and cross-platform product

Bob Benya, svp, advanced video product management for Time Warner Cable and co-chair of the ODC, puts it this way:

"We live in a competitive world. The only way we can win is to collaborate with one another—not just MSO to MSO, but all of us—programmers, technology companies, researchers and suppliers. That's why I choose to be so involved in the CTAM On Demand Consortium. No other work group tackles such a broad, but focused, set of product development issues."

Stacy Melle, vp, marketing, NBCU Digital Distribution and an ODC co-chair, became involved because video product development so regularly crosses between distribution and content.

"Working in the On Demand Consortium helps me keep my company focused on what's really happening in next-generation content and advanced applications.

Plus, the work we've completed as a group this year is pretty spectacular."

Well, you be the judge. In 2008, the CTAM On Demand Consortium completed the following key initiatives:

- Completion of three in-depth consumer surveys, to better understand what everyday people are thinking about OD, tru2way applications, and cross-platform viewing (online, mobile and TV);
- Development of a white paper that analyzes and recommends an improved On Demand advanced advertising management ecosystem
- A survey of industry experts to explore and understand the technology and go-to-market complexities involved in launching an assortment of cross-platform applications, like remote DVR scheduling and portable video
- Socialization of the CableLabs 1.1 metadata specifications to identify inconsistencies in use across the industry. An On Demand user interface eye study to establish recommendations on how to improve VOD interfaces

...and that's a partial list.

In addition, the ODC's ongoing educational outreach was enhanced with two new projects.

At the 2008 Cable Show, the ODC initiated a series of topic-targeted, member-only technology tours; more than 60 members participated.

A series of webcasts on topics relevant to the expanded ODC work areas are in development and will punctuate the accomplishments this year.

The ODC met Sunday at the CTAM Summit in Boston, for its annual year-end review. Part of our focus is on earmarking key projects for 2009.

And just as "on-demand" has grown beyond its moniker, next year's ODC objectives will strive to advance the sector—however it evolves.

*(Angie Britt is vp, advanced products, CTAM)*



### Join Us in Honoring the CableFAX 100 "Hot List"

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The awards are presented by the most trusted information source in cable: CableFAX Daily and sister brands CableFAX: The Magazine and Content Business. The winners and honorable mentions will be honored at an awards event on February 26, 2009 at the Grand Hyatt, NYC.

### Awards Timeline

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- Marketing Campaign
- Mobile Application
- Original Content
- Podcast or Videocast
- PR Campaign
- Supplemental Web Content
- Video: Overall Use of Video

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- VP, Digital
- Online Marketing Executive
- Web Editor
- Video Editor/Producer
- Web Designer
- Other (please enter an executive) who is successfully leading your organization's digital initiatives

#### Best Overall Websites:

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- Cable Network
- Regional/Local Programmers
- Technology and other Vendors
- Cable Associations



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#### Contact Information

Please contact Awards Coordinator, Rachel Smar at 301-354-1613; [rsmar@accessintel.com](mailto:rsmar@accessintel.com).