

# CableFAX Daily™

Monday — November 24, 2008

What the Industry Reads First

Volume 19 / No. 228

## Tough Times: NAMIC Panel Explores Maintaining Diversity in Downturn

**NAMIC Mid-Atlantic's** DC lunch panel Fri on business champions morphed—fittingly—into a discussion on how to keep diversity efforts going during the down economy. **Cox** svp, chief people officer *Mae Douglas* said the MSO's Diversity Council actually met this week with pres *Pat Esser* to discuss this very issue. Cox is in the middle of reducing about 2% of its workforce, which it's targeting via early retirement packages and attrition. Esser told the Council that diversity will continue to be important, Douglas said. "As we go through this reduction, there is a great opportunity for promotions... Those left have an opportunity to expand their knowledge and take on additional responsibilities," she said. *Lisa Choi Owens*, **Scripps Nets Digital** svp, online partnerships and distribution, said it's even more critical to focus on diversity now. "You need diversity in an organization to be able to address those groups, and right now you need as much audience as you can possibly get because times are bad," she said. Backing her up was **CNN** morning news anchor *Tony Harris*, who said his net has seen "an enormous increase in its African American audience" with the historic presidential race and election. CNN "is trying to figure out openly how to keep black folks watching CNN," he said, noting its part of the reason CNN bowed "D.L. Hughley Breaks the News." That got some groans from the lunch crowd, as CNN has drawn controversy for the launch of the black comedian-hosted comedy program. Harris quipped that he'd be happy to host his own news hour in prime for CNN. *Troy Johnson*, who himself was just laid off from his job as a talk show host for **CBS Radio** when Baltimore's 105.7 moved from news talk to sports talk, offered up advice for personally surviving the economic downturn. "It's about weathering the storm... and figuring out how you fit back in if the model changes," he said. Douglas acknowledged that Cox is starting to see some changes in consumer behavior. Some are not taking premium services any more, or opting for lower HSD speeds or DVR levels, she said, adding that Cox is working on better value priced packages to help.

**In the Courts:** A US District Court in TX has scheduled for Feb 17-18 a bench trial to determine whether **DISH's** software workaround in certain DVRs continues to infringe **TiVo** patents. Last month, TiVo said it received \$105mln from **EchoStar** for infringement of its Time Warp patent. The vitriol between the 2 companies ramped Thurs when a DISH/EchoStar statement said "we are pleased that the district court did not find us in contempt on the face of the injunction. We look forward to the February bench trial on our software design-around." Late Thurs and again Fri, TiVo disputed the claims of a ruling on the injunction, saying "the court will do so after the hearing as well as rule on the amount of damages owed to TiVo beyond the nearly \$105 million already paid by EchoStar... this is a positive step." DISH shares gained 7.7% Fri to close at \$9.01, while TiVo shares slipped 9.5% to \$4.60.

**Last Dance:** Nice touch by **WICT** Thurs night to surprise attendees at the close of its annual fundraising gala with *Jennifer Holliday* singing "And I'm Telling You I'm Not Going." The song was a reminder that while this was the last standalone gala in DC, the event will return in 2010 as part of the **Cable Connections** spring week. Next spring, WICT will hold its



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Leadership Conference during the week. Picking up a Woman to Watch accolade was newly named **Comcast Spotlight** CMO *Vicki Lins*, who told the crowd that it was about time a woman in advertising was honored. Touching to see the daughter of *Jill Campbell*, **Cox** svp, Eastern div ops, introduce her mom. Campbell was recognized as the '08 Woman of the Year. In addition to thanking Cox pres *Pat Esser* and the late *Jim Robbins*, she credited Cox's gms, saying they have the really tough jobs and that she sleeps well at night knowing they're in charge. Also honored as a Woman to Watch was **TLC** pres/GM *Eileen O'Neill* (loved the video **Discovery** put together for her). **ESPN's** "Fugees Family" and **Lifetime's** "Army Wives" picked up programming accolades. Discovery was recognized as the best programmer for women in cable, while Cox nabbed the honor amongst operators for the 6th consecutive year. Will Cox repeat in '09? "I would gladly, happily concede it if it means our industry is in a better place and moving forward," Esser said.

**In the States:** **Comcast** and **Sears** agreed to offer the MSO's services in nearly 400 of the retailer's US stores. New customers will receive a mail-in rebate up to \$100 for any 1 product purchase, and up to \$250 with a triple-play. -- **MLB Net** has inked a deal for **Intelsat** to transmit via satellite its SD and HD programming when it launches Jan 1.

**On the Hill:** The Senate on Thurs passed a DTV bill that would allow broadcasters to voluntarily run essential public safety spots and DTV transition info for 30 days after the Feb 17 transition. Similar legislation is pending in the House.

**Carriage:** **BendBroadband** has agreed to launch **Comcast SportsNet NW** across its footprint, and will begin Fri rolling out the net's SD and available HD content.

**Research:** VA leads the nation in broadband penetration, according to **Akamai**, followed by NJ and MA. DE has the greatest level of high-speed broadband connectivity (5Mbps+), although just 55% of the state's connections exceed that level. NY and RI followed with 47%, while OK (35%) and KY (32%) are the only 2 states that have exhibited consistent quarterly growth in high-speed penetration since 4Q07. -- At the end of '07, 28mln HHs had the ability to display Internet video on a TV, according to **IMS Research**, which expects 300mln to have the ability by YE '13. Accordingly, rev for related equipment will total \$32bln in '13.

**Advertising:** **P&G** and **Suburu** signed on as sponsors of **CNN Heroes**, the net's multi-platform initiative launched last year to spotlight ordinary citizen heroes. *Anderson Cooper* will host "CNN Heroes: An All-Star Tribute" Thurs night.

**Programming:** **Debmar-Mercury** has acquired the premiere broadcast syndication rights to **E!**'s doc series "True Hollywood Story," and will offer select library episodes of the show to TV stations as a 1-hour daily strip to air as early as fall '09. -- **HDNet Fights** has extended its partnership with **FEG USA** to feature Dream MMA events in '09 and beyond.

**Public Affairs:** **SiTV** launched "Take the Lead," a multiplatform initiative celebrating prominent Latinos in the fields of ent, politics, business and community action. Kicking off the initiative are interstitials highlighting Latino leaders as positive role models such as actress *Rosario Dawson* and Sen *Robert Menendez* (D-NJ).

**People:** **NTN Buzztime** said chmn/interim CEO *Michael Fleming* has tendered his resignation, and appointed *Jeff Berg* board chmn. A board search cmte is evaluating candidates for the role of permanent CEO.

**Business/Finance:** The city council of Alameda, CA, voted unanimously Thurs to sell its cable TV and Internet service to **Comcast** for approx \$17mln. Alameda Power and Telecom serves more than 15K subs.



## CableFAX Week in Review

Company	Ticker	11/21 Close	1-Week % Chg	YTD %Chg
<b>BROADCASTERS/DBS/MMDS</b>				
BRITISH SKY:	BSY	22.65	(3.5%)	(47.3%)
DIRECTV:	DTV	20.01	(3.1%)	(13.5%)
DISNEY:	DIS	21.12	0.20%	(34.6%)
ECHOSTAR:	DISH	9.01	(18.1%)	(73.5%)
GE:	GE	14.03	(12.4%)	(54.6%)
HEARST-ARGYLE:	HTV	6.85	(39.5%)	(66.8%)
NEWS CORP:	NWS	6.38	(15.6%)	(68.6%)

<b>MSOS</b>				
CABLEVISION:	CVC	12.25	(11.9%)	(49.6%)
CHARTER:	CHTR	0.22	(37.1%)	(81.2%)
COMCAST:	CMCSA	14.07	(9.4%)	(21%)
COMCAST SPCL:	CMCSK	13.21	(12.8%)	(25.1%)
GCI:	GNCMA	5.97	(2.3%)	(31.8%)
KNOLOGY:	KNOL	4.13	(20.7%)	(67.7%)
LIBERTY CAPITAL:	LCAPA	2.90	(23.3%)	(87.6%)
LIBERTY ENT:	LMDIA	11.00	(14.1%)	(54.5%)
LIBERTY GLOBAL:	LBTYA	10.94	(22.6%)	(72.1%)
LIBERTY INT:	LINTA	2.19	(27.2%)	(88.5%)
MEDIACOM:	MCCC	2.00	(46.1%)	(56.4%)
SHAW COMM:	SJR	15.68	(14.5%)	(27.9%)
TIME WARNER CABLE:	TWC	17.36	(8%)	(37.1%)
VIRGIN MEDIA:	VMED	3.26	(35.1%)	(78.7%)
WASH POST:	WPO	339.50	(13.1%)	(54.7%)

<b>PROGRAMMING</b>				
CBS:	CBS	4.98	(24.8%)	(75%)
CROWN:	CRWN	1.88	(14.5%)	(71.1%)
DISCOVERY:	DISCA	12.85	(7.6%)	(43.6%)
EW SCRIPPS:	SSP	2.69	(17.1%)	(50.9%)
GRUPO TELEVISIA:	TV	14.15	(6.2%)	(37.4%)
HSN:	HSNI	4.49	(3.9%)	(69.8%)
INTERACTIVE CORP:	IACI	14.93	(6.2%)	(36.4%)
LIBERTY:	L	22.34	(20%)	(55.4%)
LODGENET:	LNET	0.58	(36.3%)	(96.7%)
NEW FRONTIER:	NOOF	1.45	(19.4%)	(59.5%)
OUTDOOR:	OUTD	5.05	(11.7%)	(26.8%)
PLAYBOY:	PLA	1.17	(28.7%)	(87.2%)
RHI:	RHIE	4.77	(3.6%)	(62.2%)
SCRIPPS INT:	SNI	24.67	(5.1%)	(39.1%)
TIME WARNER:	TWX	8.12	(11.3%)	(48.3%)
VALUEVISION:	VVTV	0.51	(1.9%)	(91.9%)
VIACOM:	VIA	14.66	(19.8%)	(66.7%)
WWE:	WWE	9.59	(22.8%)	(19.6%)

<b>TECHNOLOGY</b>				
3COM:	COMS	1.53	(15.9%)	(66.2%)
ADC:	ADCT	5.93	(1.7%)	(61.9%)
ADVANTAGE:	AEY	1.49	(15.3%)	(75.9%)
ALCATEL LUCENT:	ALU	1.86	(19.8%)	(74.6%)
AMDOCS:	DOX	17.72	(3.4%)	(48.6%)
AMPHENOL:	APH	19.74	(11.3%)	(57.1%)
APPLE:	AAPL	82.58	(8.5%)	(58.3%)
ARRIS GROUP:	ARRS	5.62	(9.2%)	(43.7%)
AVID TECH:	AVID	11.69	(12.6%)	(58.8%)
BIGBAND:	BBND	3.28	(24.4%)	(36.2%)
BLNDER TONGUE:	BDR	0.85		(50%)

Company	Ticker	11/21 Close	1-Week % Chg	YTD %Chg
BROADCOM:	BRCM	14.09	(8.4%)	(46.1%)
CISCO:	CSCO	15.17	(8.7%)	(44%)
COMMSCOPE:	CTV	8.55	(17.1%)	(82.6%)
CONCURRENT:	CCUR	3.27	(2.9%)	(86.1%)
CONVERGYS:	CVG	4.39	(19.2%)	(73.3%)
CSG SYSTEMS:	CSGS	14.19	(1.6%)	(3.6%)
ECHOSTAR HOLDING:	SATS	13.93	(9.7%)	(57.7%)
GOOGLE:	GOOG	262.43	(15.4%)	(62%)
HARMONIC:	HLIT	4.46	(7.7%)	(57.4%)
JDSU:	JDSU	2.22	(26.3%)	(83.1%)
LEVEL 3:	LVL	0.79	(9.2%)	(74%)
MICROSOFT:	MSFT	19.68	(1.9%)	(42.6%)
MOTOROLA:	MOT	3.28	(19.6%)	(76.7%)
NDS:	NNDS	44.50	(3.9%)	(24.9%)
NORTEL:	NT	0.42	(27.3%)	(97.4%)
OPENTV:	OPTV	0.94	(12.1%)	(28.8%)
PHILIPS:	PHG	16.01	(6.5%)	(55.4%)
RENTRAK:	RENT	9.64	(10.2%)	(33.3%)
SEACHANGE:	SEAC	6.56	(11%)	(9.3%)
SONY:	SNE	19.89	(5.8%)	(62.3%)
SPRINT NEXTEL:	S	1.71	(25.7%)	(87%)
THOMAS & BETTS:	TNB	17.39	(16.8%)	(64.5%)
TIVO:	TIVO	4.60	(21.5%)	(44.8%)
TOLLGRADE:	TLGD	5.02	(3.1%)	(37.4%)
UNIVERSAL ELEC:	UEIC	13.98	(8.8%)	(58.2%)
VONAGE:	VG	0.91	2.20%	(60.4%)
YAHOO:	YHOO	9.39	(13.2%)	(59.6%)

## TELCOs

AT&T:	T	25.19	(8.9%)	(28.8%)
QWEST:	Q	2.30	(19.6%)	(60.3%)
VERIZON:	VZ	28.47	(5.1%)	(24.8%)

## MARKET INDICES

DOW:	INDU	8046.42	(5.3%)	(39.3%)
NASDAQ:	COMPX	1384.35	(8.7%)	(47.8%)

## WINNERS &amp; LOSERS

## THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. VONAGE:	0.91	2.20%
2. DISNEY:	21.12	0.20%
3. CSG SYSTEMS:	14.19	(1.6%)
4. ADC:	5.93	(1.7%)
5. MICROSOFT:	19.68	(1.9%)

## THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. MEDIACOM:	2.00	(46.1%)
2. HEARST-ARGYLE:	6.85	(39.5%)
3. CHARTER:	0.22	(37.1%)
4. LODGENET:	0.58	(36.3%)
5. VIRGIN MEDIA:	3.26	(35.1%)

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# MaxFAX...

## Happy Thanksgiving?

Let us count the ways!

1) A Martian at the Federal Confusion Commission.

2) A Socialist Senator from Vermont wants to mandate cheap analog services with your spectrum.



Paul S. Maxwell

3) Uncertainty in the markets—any and all markets, it seems.

4) Uncertainty in the very air we breathe.

5) Democrats everywhere.

6) Charities every-

where struggling.

OMG! Still... let's take a look behind the fear levels...

1) Not for long. He'll "beam up" to AT&T.

2) Now, this might be a chance to revisit retransmission consent in the Congress... seems like that might be a good trade? Cheap analog for no more retrans?

3) We're stuck with this one—for now. It is clear that the United States and the whole rest of the world have managed to manage ourselves into a real recession. Will it be a depression? I really don't think so. Commerce hasn't stopped altogether—and it never will. But things are not going to be giddy for a long, long time.

4) So, take charge of your own world. Manage smart. Keep—or rebuild—that all-important critical trusting relationship with your customers. And don't forget to keep breathing.

5) Yep. But before you jump off a cliff while knee-jerkingly (that's quite a word, huh?) spouting dogma, just look around at who's been in charge the past eight years. Can't get much worse. So let's give 'em a chance.

6) As usual, not around cable. This industry keeps doing more... a case in point: a large group of system operators (**Bresnan, Bright House, Cablevision, Charter, Comcast, Insight, Mediacom, Suddenlink and Time Warner Cable**) are donating advertising time to a cool initiative from *Ann Bresnan* (yep, spouse of Bill) and renowned artist *Pat Farrell*, who will tout special people succeeding in charitable enterprises by producing short films to help inspire others to pitch in... so look for stuff from ThankYouFilms on your local cable systems soon. (And, if your company is on this list... send a note to [ann@bresnan.com](mailto:ann@bresnan.com) right now and get your act together!)

## Random Notes:

• **The Fairness Doctrine:** Isn't. End of discussion. No reason to bring it back. It didn't work then, isn't necessary now.

• **College Football Playoffs?** Why not? As soon as President-elect *Barack Obama* fixes the economy, strategically exits one war and wins

another one, he'll ask for an audience with the most powerful guy in sports to fix the collegiate bowl mess... word is he's already reaching out to *George Bodenheimer* and planning a pre-next season meeting. (NOTE: nice to hear *Sports Business Journal* reporter, ex-**CableFAX** editor and friend *John Ourand* talking about the issue on **NPR** last week).

• **I'm Dreaming of...** a white Christmas. At least on **DirectTV** (at my mountain house) and via **FIOS** (maybe soon to a neighborhood near my daughter's apartment in NYC?). My friend at **The Ski Channel**, the near-vegan, tennis-playing skier, *Steve Bellamy*, has promised to run my favorite *Warren Miller* movie as his VOD channel debuts on the 25th of December. So, where's cable on this? Yo, Comcast! At my city house via VOD soon?

• **Clear the Deckers?** Bummer. As the ex-policy wonk and business maven, *Decker Anstrom*, exits **Landmark** at year-end having weathered his cable experiences, his only cable involvement will be on the Comcast board (Yo, Decker! See story above!). But I bet he keeps reading **CableFAX**—at least thru April of next year, anyway.

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# EYE ON DIGITAL

## Wagging the “Protail”

Apparently there aren't enough buzzwords in the online content economy, so **Gartner** gives us a new one—“protail video.”

Described by its analysts as “the segment between professionally produced content and user-generated content,” the “protail” seems to embrace the output of firms like **60Frames**, **Revision3**, and **Next New Networks**.

This new crop of “digital studios” produce short-form episodic series like “DiggNation” and “Goodnight Burbank.” Gartner says these companies can produce four-minute segments for between \$2,000 and \$5,000.

In addition to **YouTube**, these shows find distribution through favorite video hubs like **Metacafe** and **Blip.tv**. In some cases, the series get picked up by **NBCU/News Corp** joint venture **Hulu** as well.

This middling ground between formal TV content and random user-generated video uploads is starting to appeal to advertisers who want safer havens for their sponsorships without the high prices some of the networks want for their streamed episodes.

Gartner estimates the ad spend for “protail video” will be \$75m in this year and grow over 600% to \$1.5bn in 2012. Gartner vp, research *Alan Weiner* said that in order to grow this piece of online content, we need “a more fluid distribution network or series of networks that brings content creators together with advertisers looking spend money on well-produced niche content.”

YouTube continues to attract the overwhelming majority of eyeballs looking for video, but it is ill-equipped to merchandise such episodic fare well.

Actually, perhaps the answer to this morass of online video searching for audience is best addressed by traditional media brands, namely cable networks. Most cable entities understandably resist killing their golden goose

by streaming on-air shows online.

At the recent **CTAM** Summit in Boston, there was definitely some discussion around streaming cable content online.

**Discovery Comm** pres/CEO *David Zaslav* noted that Discovery avoids putting its content online for free, as it doesn't want to train viewers to go there rather than watch the paid linear network.



Of course, all media brands need to chart out some digital future for themselves. Some might wonder why that shouldn't include using the content that is already online? Cable brands can certainly help aggregate existing online video that is relevant to their target audiences. Both users and advertisers like this content.

Most of the online video shows now gathering niche audiences map well against the main niche categories cable content providers address on the linear platform (comedy, animation, lifestyle, cooking, hobbies, etc.).

Cable networks already have carved out niche audiences in the living room. Audiences they know also live just as much online.

Why not have that brand also act as their audience's filter to the rest of the Web? Print brands like *Forbes*, *Complex*, and *Martha Stewart* are already doing this with blogs. These brands have extended their reach to include like-minded indie sites and blogs that relate to their subject area.

As onliners move away from text/image experiences and more toward video, couldn't **A&E** or **G4** or **Food Network** or **Golf Channel** for that matter also provide an online portal into “protail” video that already exists online?

*(Steve Smith is a lapsed academic turned media critic and consultant. He is the Digital Media Editor for Min, conference programmer for Mediapost, and longtime columnist for eContent Magazine).*



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