

CableFAX Daily™

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What the Industry Reads First

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All I Want for Christmas?: 3DTV Adoption Has Lots of Room to Run

We can still hear the trumpeting this year of 3DTV as a breakthrough tech that will ride the popularity of 3D movies to score legions of adherents. But although mass adoption may well occur at some point, the reality is 3DTV has been slow out of the gate. **Best Buy** got the media industry buzzing Tues when blaming its disappointing 3Q results in part on lower-than-expected growth of 3DTV sales. In attempting to explain the sluggishness, CEO *Brian Dunn* said "I think there was confusion about 3D early. It was little short on content." On Wed during a **CableFAX** webinar, others in the media industry noted how those 2 issues persist. "The lack of content has been the biggest issue for us—people are buying the sets, there is interest in it as a medium and creative tool," said *Tom Cosgrove*, pres of the **Discovery/Sony/IMAX** 3D net expected to launch early next year. "When you buy a 3DTV set, you're getting a phenomenal 2D set as well, and people aren't always clear on that—and that's something we have to educate consumers on." **DirecTV** svp, new media *Steven Roberts* said the current dearth of quality 3D programming is a problem that will abate over time, but that consumers require more "understanding" of 3D and what's available through the tech to help promote adoption. To that end, DirecTV's **N3D** channel launched with **Panasonic** this year is looking to work with programming partners such as **ESPN**, **CBS** and **Turner** for multiple showcase events, he said. **Motorola Mobility's** *Clyde Robbins* intimated that those and other types of introductory events would be greatly beneficial. When asked to name some key challenges facing 3DTV as '11 approaches, Robbins noted "the approach to selling it—you can make great demonstrations, but for the most part that's not happening. They work, people like it." What consumers do like is sports in 3D, said **ESPN** vp, strategic business planning *Bryan Burns*, who nonetheless also cited a need to alert consumers to what 3D is all about. **[The Webinar will be available on demand at www.cablefax.com/webinars].** Customers aren't the only concern for media companies where 3D's concerned. Yes, there's undeniable value in 3D content, said **Fox Sports** pres *Eric Shanks* earlier this week at **Sports Video Group's** League Technology Summit. But that doesn't mean Fox Sports is rushing to get into the 3D game. "Sports is one of the last things you can justify producing in 3D," said Shanks. "It has a small audience, a short shelf life on the content... I don't envision us at Fox Sports being able to invest a significant amount in 3D until there's a system

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that flows through all the local affiliates that lets them insert local advertising and branding.”

Net Neutrality: It's official. At its Tues open meeting, the **FCC** will consider adopting proposed net neutrality rules under which broadband providers would have to ensure network transparency, not block lawful content or non-harmful devices and prevent unreasonable discrimination of lawful Internet traffic—all while allowing for reasonable network management. At the “Generation Mobile” Forcum in D.C. Tues, FCC chmn *Julius Genachowski* said “it’s essential that we move forward next week to adopt the first enforceable rules of the road to protect Internet freedom,” arguing that an open Internet spurs innovation, protects free speech and fosters broadband investment to promote a vibrant economy. “This isn’t about government regulation. It’s about responsibility,” he said. Although **Stifel Nicolaus** foresees “some tough bargaining that goes down to the wire next Tuesday, our sense is an order will likely be approved, with some modifications, but not radical changes, to the draft.” Comprised of several organizations including **Free Press** and **Public Knowledge**, the **SavetheInternet.com Coalition** delivered to the FCC this week 2mln petitions urging safeguards of an open Internet.

Comcast-NBCU: **Comcast** and **NBCU** inked with 5 Asian American media and civil rights organizations including the **Asian American Justice Center** and **Media Action Network for Asian Americans** a pact featuring several commitments by the pair’s proposed merger. Among them: to significantly increase the distribution of Asian American programming channels in major markets serving Asian Americans, make more Asian American content available on demand through Comcast’s Cinema Asian America, and increase dev and placement opportunities for Asian Americans in exec management and corporate governance positions. -- *Sen Bernie Sanders* (I-VT) remains staunchly against **Comcast-NBCU**, following a Nov letter to the **FCC** asking for outright denial of the deal with a letter Tues to the **DOJ** asking for similar blockage on worries the merger would substantially lessen competition in the markets for video programming, traditional cable and online distribution. “Were the merger to be approved, I have little doubt that Comcast-NBCU would retain hundreds of attorneys and lobbyists to exploit the gaps and loopholes in current regulations,” wrote Sanders. “In fact, Comcast has already demonstrated that it intends to proceed down the road of insider influence, and in the last two election cycles, it has doubled its campaign contributions.”

Retrans: At our deadline, **DISH** and **Chambers Comm** still had not renewed a retrans deal covering 3 **ABC** afil stations in OR. The deal expires at midnight Wed. Chambers has told viewers that DISH has rejected a number of proposals in recent weeks, but DISH svp, programming *Dave Shull* said in a Wed release that Chambers “is demanding a nearly 500 percent rate increase and unreasonable contract terms for continued carriage of these stations.” The DBS op has offered to extend the existing contract while negotiations continue, said Shull, but Chambers has declined and “continues to threaten to pull the channels from our customers on Dec. 15.”

Competition: **FiOS TV** added **FEARnet** to its Extreme and Ultimate programming packages. The net began offering a full-time linear feed in HD on Oct 1. FiOS also carries the net’s VOD offering.

In the States: **MetroPCS** expanded the availability of its 4G LTE services to include Boston, New York City and Sacramento. Metro’s unlimited plans start at \$55/month. -- **Time Warner Cable Business Class** completed a \$120mln project that more than doubles the number of potential serviceable businesses in Southern CA by adding

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125K in the region.

Online: HBO tapped Synacor to provide integration services for HBO Go and MAX Go, including authentication and entitlement services.

-- CBSsports.com will freely stream more than 20 college basketball games this season through a service that also allows viewers to track college basketball scores and standings from around the country, engage in live chat and get on demand highlights as the game progresses.

-- Comedy Central teamed with The Onion to launch OnionSports-Network.com, an extension of the pair's collaboration for Comedy series "Onion SportsDome" (Jan 11). In addition to show clips, the site will feature regular sports editorials and columns, video exclusives, interactive features and direct integration with social networks.

Programming: New Syfy Ventures/Universal Pictures jv Syfy Films will dev and prod 1-2 Syfy-branded theatrical films per year beginning in '12. -- AMC greenlit series "Hell on Wheels," which is set in post-Civil War America and centers on a former Confederate soldier's quest for vengeance that leads him to work on the construction of the first Transcontinental Railroad. -- Animal Planet miniseries "Infested!" (Jan 9) spotlights in 3 parts the real-life horror stories of ordinary people plagued by frighteningly extraordinary infestations.

CableFAX Daily Stockwatch

Company	12/15 Close	1-Day Ch	Company	12/15 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	39.65	(0.6)	AVID TECH:	17.99	0.42
DISH:	18.18	(0.23)	BIGBAND:	2.68	(0.12)
DISNEY:	36.95	(0.29)	BROADCOM:	44.29	(0.69)
GE:	17.49	(0.2)	CISCO:	19.47	(0.07)
NEWS CORP:	16.03	(0.14)	CLEARWIRE:	5.34	(0.36)
MSOS					
CABLEVISION:	34.69	(0.01)	COMMSCOPE:	31.27	UNCH
CHARTER:	38.00	0.99	CONCURRENT:	4.71	(0.05)
COMCAST:	21.61	(0.38)	CONVERGYS:	13.24	0.01
COMCAST SPCL:	20.32	(0.38)	CSG SYSTEMS:	18.97	(0.22)
GCI:	12.88	0.26	ECHOSTAR:	20.99	0.19
KNOLLOGY:	15.53	0.09	GOOGLE:	590.30	(4.61)
LIBERTY CAPITAL:	60.58	(0.87)	HARMONIC:	7.47	0.06
LIBERTY GLOBAL:	35.58	(0.76)	INTEL:	21.28	(0.19)
LIBERTY INT:	15.80	(0.01)	JDSU:	13.87	0.19
MEDIACOM:	8.45	(0.05)	LEVEL 3:	0.94	(0.02)
SHAW COMM:	20.65	0.03	MICROSOFT:	27.85	0.23
TIME WARNER CABLE:	64.49	(0.45)	MOTOROLA:	8.47	0.01
VIRGIN MEDIA:	26.40	(0.07)	RENTRAK:	29.19	0.45
WASH POST:	418.68	(7.92)	SEACHANGE:	8.59	0.11
PROGRAMMING					
CBS:	17.79	(0.1)	SONY:	35.65	0.02
CROWN:	2.65	(0.04)	SPRINT NEXTEL:	4.23	(0.15)
DISCOVERY:	41.81	(0.27)	THOMAS & BETTS:	48.04	(0.71)
GRUPO TELEVISA:	25.00	0.01	TIVO:	8.20	0.08
HSN:	30.10	0.67	TOLLGRADE:	8.50	0.08
INTERACTIVE CORP:	29.48	(0.26)	UNIVERSAL ELEC:	28.15	(1.25)
LIBERTY:	38.42	(0.12)	VONAGE:	2.38	0.05
LIBERTY STARZ:	68.01	(0.33)	YAHOO:	16.45	(0.18)
LIONSGATE:	6.67	0.03	TELCOS		
LODGENET:	3.98	0.09	AT&T:	29.13	(0.21)
NEW FRONTIER:	1.81	(0.06)	QWEST:	7.50	(0.07)
OUTDOOR:	7.13	0.07	VERIZON:	34.63	(0.04)
PLAYBOY:	4.96	(0.01)	MARKET INDICES		
SCRIPPS INT:	51.39	(0.57)	DOW:	11457.47	(19.07)
TIME WARNER:	31.35	(0.12)	NASDAQ:	2617.22	(10.5)
VALUEVISION:	4.05	(0.2)	S&P 500:	1235.23	(6.36)
VIACOM:	44.90	(0.47)	TECHNOLOGY		
WWE:	14.25	(0.2)	ADVANTAGE:	3.13	0.06
TECHNOLOGY					
ALCATEL LUCENT:	2.99	(0.08)	AMDOCS:	27.21	0.02
AMPHENOL:	52.76	(0.44)	AOL:	25.28	(0.29)
AOL:	25.28	(0.29)	APPLE:	320.36	0.07
APPLE:	320.36	0.07	ARRIS GROUP:	10.64	(0.06)
ARRIS GROUP:	10.64	(0.06)			

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Think about that for a minute...

The Messenger

By Steve Effros

"Killing the messenger" has never been an effective way to deal with bad news, but some folks still find it politically expedient. Unfortunately for the cable industry, we often find ourselves in the role of that "messenger."

It's no secret, for instance, that top baseball and football players are landing mega-million dollar contracts, and fans still love to watch those sports. It's also no secret that the television distribution rights have skyrocketed, and the programmers who pay those rights then charge the MVPD services—the folks who deliver the programming into the home—the highest fees to include (as a "must have") their channels on customer's television sets.



But we're the ones who then have to recover the inevitable result of those outsized salaries for the delivery. We're the ones who collect the bill. We're the messenger.

If you expect this will change with the advent of broadband service and "OTT" viewing and the like, think again. Sure, the programmer may have to charge the subscriber directly, like Netflix, but the resulting inevitable massive increase in the cost of the delivery infrastructure will also have to be paid for, and guess who they want to have send that bill? It's still going to have to be paid; it's just a question of who the "messenger" is going to be.

There's a certain irony here, since we already have an incredibly efficient way of delivering video; one stream that is watched by hundreds of thousands or millions of viewers at the same time. So now the push is on for each individual to be able to have his or her own channel to view. That means that same program will now have to be transmitted hundreds of thousands or millions of times instead of just a few. There are massive costs associated with upgrading the infrastructure to

do that. It's not that we can't, it's that those pushing for rapid development of "video streaming" in the policy and "consumer" community don't seem to also want to acknowledge that it's going to cost consumers a lot of money! They don't because they know we will be the ones delivering the bill, not them.

Well, let's start getting a few other messages publicly clear; OTT will almost inevitably result in usage based pricing for broadband. "Caps" won't do it, since the real problem is "peak" usage not total usage. There are virtually no infrastructures that are built to accommodate 100% usage. The telephone system, the Internet, your local water pipes, and yes, your cable system are all designed to deal with average and peak usage. To do otherwise would be uneconomic. It's not a matter of trying to "block" competition, or a matter of trying to "gouge" consumers. It's about very simple, straight-forward economics.

Here's another message: there ain't no such thing as a free lunch! I've long complained about the term "free TV." It's not "free." We all pay for broadcast television with prices built into the products we buy, which pays for the television advertising that supports it. Similarly, the services companies like Google provide are not "free" either. If the proposals now floating in Washington about limiting a Website's sale of any data about you they collect when you use them actually happen, then those sites will have to find a new way to pay their costs. That is, assuming they are not successful at getting to quietly shift the costs on to us, like Netflix/Level 3 are currently trying to do. Maybe they, too, will finally become the messenger.

Steve

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