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CABLE FOCUSES ON CUSTOMER EXPERIENCE

SAN FRANCISCO—Cable operators may have a suite of new services to offer, but they have a big job ahead of them in marketing them effectively and making them easy for customers to use, cable executives said at the National Cable and Telecommunications Association annual convention. Indeed, the convention floor was full of exhibitors trying to do that, including phone, video-on-demand, and digital video recorder services. But data-related service offerings seemed to get the most attention, with the unofficial count putting the number of computer monitors higher than the number of televisions. And deploying services that might help cable compete with satellite TV seemed to be foremost on the minds of many cable executives. Comcast Chairman Brian Roberts continued to contend that video-on-demand is a major competitive tool against satellite. "It's a big advantage cable has over satellite...It's clearly here and people love it," he said. But cable companies, Internet companies, and others will increasingly

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CHERNIN STANDS UP FOR DBS AT CABLE SHOW

SAN FRANCISCO—Though he said he did not want to be the "skunk at the picnic," News Corp. President Peter Chernin argued at the National Cable and Telecommunications Association convention that satellite TV services still have room to grow. "No surprise, we would expect satellite usage to continue to grow," Chernin said. "Not only here in the U.S., but particularly true overseas...But we expect good growth here." News Corp. controls DirecTV. But in the end, what determines whether cable or satellite is more successful will be a function of "how good a job we do as distributors," Chernin said. "In

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CHUCK DOLAN EYES MORE TIME FOR VOOM

The standoff between Cablevision Systems Chairman Chuck Dolan and his company's board of directors over the shutdown of the Voom DBS service appears to have hit a lull for the moment, with Cablevision making a bid to buy the cable assets of Adelphia Communications. There were some yesterday who suggested Dolan might be showing interest in Adelphia to divert attention from the Voom issue, and some argued he might be looking for any way possible to stall the board until its previously announced April 18 meeting. Others believe Dolan is serious about Adelphia, though there is widespread skepticism that Cablevision could mount a serious bid for Adelphia while the Voom situation hangs over the company. But others believe Cablevision President Jimmy Dolan, who has repeatedly clashed with his father over Voom, may be the driving force behind the Adelphia move—partly as a way to force the elder Dolan's hand on Voom. As reported, Chuck Dolan may also have come to the conclusion that Voom's only hope of surviving is as a programmer rather than as an end-to-end DBS service, and he may be trying to entice distributors such as EchoStar to distribute Voom as they would any other channels. In the past, there has been very little interest on the part of satellite and cable companies in offering Voom, and it remains unclear whether that has changed. As of last night, Voom continued to operate and take new orders, though it is equally unclear who is funding the company since the interim agreement between Chuck Dolan regarding Voom expired last week. The board has told Voom's employees they are no longer authorized to enter into financial arrangements or other commitments. Cablevision and Voom do not comment on the internal deliberations over the service's fate.

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MARTIN ASKS CABLE TO CONTROL ITSELF

SAN FRANCISCO—New FCC Chairman Kevin Martin (R) urged the cable industry yesterday to take advantage of a window of opportunity it has to take actions that will persuade Congress not to impose indecency rules on cable programming. "This is an opportunity for the cable industry to try and address it," he said during the National Cable and Telecommunications Association's convention. In the end, it will be up to Congress to determine if cable and satellite TV services should be subject to the same types of indecency rules and potential fines that broadcasters are, Martin said. The other three FCC commissioners agreed Congress will be the body that decides how to proceed on the indecency front. "It's not going to be the FCC," Commissioner Kathleen Abernathy (R) said. Rep. Anna Eschoo (D-Calif.) advised cable operators to include literature in customers' bills about how the blocking technology works. House Judiciary Committee Chairman Jim Sensenbrenner (R-Wis.) argued against expanding indecency rules. "I think the [cable] industry is giving the parents the tools they need," he said, though he also contended there should be criminal statutes established to deal with flagrant offenses. Cable operators agreed they could better inform consumers.

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certain places, some of us are going to a better job and be rewarded accordingly and others of us are going to do a worse job and be penalized accordingly." NBC Chairman Bob Wright argued cable has a "natural advantage because it's two way," but added there are many areas where smaller cable operators are in trouble because they have not started offering non-video services. Those companies are in jeopardy of having their customers "picked off" by DirecTV and EchoStar, he said. Meanwhile, though News Corp. is concerned about losing advertising revenue because of digital video recorders, DirecTV will continue to be aggressive about deploying them and News Corp.'s Fox unit will adapt, Chernin said. "We may not like it, but we better figure out a way to live with it," he said. Cable and satellite companies should also be wary of and prepared for new competition coming from telephone operators who want to provide video, Chernin said.

NEWS & NOTES: The DirecTV Group plans today to start offering local stations in Macon, Ga. Customers in that market will require the installation of a second dish. The offering will include affiliates of the four major networks, as well as WB, UPN, and PBS...**DirecTV and TiVo** agreed to extend their agreement in which DirecTV delivers advertising to subscribers who use combination DirecTV/TiVo units. The agreement also calls for DirecTV to acquire customer use information from TiVo...Longtime **EchoStar Communications** spokesman **Marc Lumpkin** is leaving the company to pursue other opportunities, but may return to EchoStar in several months.

QUEBEC COURT OVERTURNS GRAY MARKET CASE

The Superior Court of Quebec has ruled it is in fact illegal for Canadians to receive satellite TV services—such as DirecTV and EchoStar—from services not licensed by the Canadian government, overturning a provincial court judge's ruling last year that said such a rule violates Canada's constitution. As reported, after years of conflicting rulings from provincial judges about whether it was legal for Canadian to use U.S. DBS systems, the Canadian Supreme Court ruled in 2002 that Canadians receiving satellite signals, either by using a hacked card or by subscribing using a U.S. mailing address, from any service other than those licensed by the Canadian government, namely Bell ExpressVu and Star Choice, are violating Canada's Radio-Communications Act. Quebec resident Jacques D'Argy, who had been arrested for allegedly selling a hacked U.S. system in 1998, later filed a lawsuit in Quebec seeking a determination on whether the prohibition against using non-Canadian-licensed signals violated the free speech provisions of the Canadian constitution.

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need to work together to try to develop compelling consumer offerings to compete with satellite TV, executives said. "We're making a lot of progress, but we're still a long way away from the perfect user experience," Google Co-founder Larry Page said. Time Warner Cable Chairman Glenn Britt contended cable has made its services attractive to customers in the past and will do so again. Though cable is excited about the idea of delivering video over its data networks, cable operators have to make that invisible to customers and must keep adding services. "Simply taking that [video] offering and turning it into an [Internet Protocol-based service] won't do anything for the consumer," Britt said. The same can be said of voice-over-Internet-Protocol voice services cable operators are rolling out, executives said. "We're selling phone [service], we're not selling VOIP...You don't need to know what the technology is," Cox President Jim Robbins said. Offering those services will help cable stay ahead of competitors, they said. "If we stay ahead of the curve, we're going to get the lion's share of the customers," Robbins said. Customers are eager for new services, but also want them to be easy to use, Real Networks Chairman Rob Glaser argued. "The simpler the consumer proposition, the more consumers will take it," he said. Though cable is making a big push into video-on-demand, some programmers were not as enthusiastic, including Walt Disney President Bob Iger, News Corp. President Peter Chernin, and NBC Universal Chairman Bob Wright, who complained there is no revenue coming from those services yet. It could be five to 10 years before revenues start flowing in, they contended.