



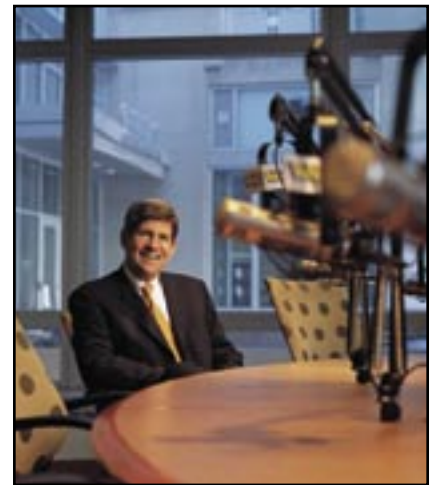
Broadcasters' Initiatives: Smulyan Talks to PCOs

By Don Kent ■ *eCablevision Consulting*

Jeff Smulyan is the Chairman of Emmis Communications, a diversified media firm with radio, television, and magazine interests. However recently, Mr. Smulyan has been receiving even more attention regarding his position as the Chairman of the Broadcasters' Initiative. The Broadcasters' Initiative is a consortium of television broadcasters that seek to reclaim lost revenue and reestablish their audience relationships by broadcasting a low-cost multi-channel service designed to compete with cable television. In a recent conversation, Mr. Smulyan and I discussed the Broadcasters' Initiative.

The Broadcasters' Initiative will first launch a low cost video service designed to appeal to the price sensitive segment of the multi-video marketplace. In addition to the standard and HDTV local broadcast signals, it will contain 35-50 additional satellite channels depending upon the marketplace; which is substantially more than USDTV's current offering. "We will focus on the 'cable nevers,' Smulyan said, "and the over-served cable customers that receive up to 300 channels but only watch 15. This will expand the size of the multi-video market, as customers that

"As the product is deployed, exclusive programming may be explored," Smulyan said. "But most of the last two hundred new programming services launched over the last ten years have not attracted large viewing audiences." While extensive conversations have not yet commenced with programmers, Smulyan explained that myriad of content that is now available offers the video programming that most viewers want to watch. "In fact, our research shows that consumers feel they are being over-served by cable," Smulyan says. He feels that cable operators require their customers to subscribe and



Jeff Smulyan - Chairman of Emmis Communications

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have appreciated broadcast television but have not been convinced of cable's value proposition sign up to become our customers."

The Broadcasters' Initiative will not launch with exclusive programming but will draw from selected satellite services that are currently available.

pay for many channels that they don't wish to view, "which is a type of trap" – and by providing consumers a better targeted choice of multi-channel video services, the Broadcasters' Initiative will help their viewing audiences.

Mr. Smulyan agrees that television broadcasters have both a public trust

because of the spectrum they use, and are also commercial for-profit businesses. "The Broadcasters' Initiative will strengthen the broadcasters," Smulyan explains, "because it will provide broadcasters with new revenue streams. Congress has talked about this type of service; and it's in the public interest because it will strengthen localism, provides a new low cost service, and offers consumers' additional choice." Because the services provided by the Broadcasters' Initiative will only utilize the digital spectrum, the relinquishment of the spectrum used to transmit analog signals will not impact this new, multi-video product.

Smulyan doesn't believe that the Broadcasters' Initiative will impact "must carry" or "retransmission consent." "These are independent discussions, and each individual station will make their own must carry or retransmission consent decision independently, and based upon what makes the most sense to them," said Smulyan. Consequently, he doesn't feel that the Broadcasters' Initiative will affect any broadcaster-cable television negotiations.

Mr. Smulyan said, "We also recognize the importance of convergence (voice-video-data) and will address it as we develop our products." Their planned service will also offer consumers a website where other programming may be streamed or otherwise offered to customers.

There are important differences between USDTV and the Broadcasters' Consortium. In contrast to the

USDTV, Smulyan will offer more satellite programming options (35 to 50 vs. USDTV's dozen channels) and will be owned solely by the broadcast industry. "It's no secret that we've been talking with USDTV," says Smulyan, "but we have some different views about how we could best leverage the resources and marketing of the broadcast industry." Discussions are continuing.

"It's too early in this process to be able to detail our multiple dwelling unit or multi-tenant unit strategy," said Jeff Smulyan. "But I welcome private cable operators or property management companies interested in exploring a collaborative relationship to contact the Broadcasters' Initiative. We will be flexible and will be open to any ideas," he promised.

Smulyan believes that the Broadcasters' Initiative will help the broadcasters monetize their spectrum and thereby

provide them with additional financial strength. While this is a product that will compete with cable television because it will offer "nevers" and "overserved" cable subscribers additional choices, Smulyan welcomes private cable operators and property management companies to work together with him to identify collaborative opportunities. "Now, technology has shifted in our favor, and this initiative will ensure our industry continues to have a major say in our future." ■

About the Author

Don Kent has spent over 25 years working with video operators, broadband service providers, and with early phase companies specializing in the delivery of broadband and digital content services. Please address questions or topics that you'd like to see discussed in subsequent columns to Dkent@eCablevision.com.