

EDITOR'S CORNER

We open this special Post-NATPE issue of *INSIGHTS* with a message from Rick Feldman, NATPE President and CEO:

NATPE '05 is now history. We are already working on '06 and we will make improvements based on feedback we are soliciting.

Many people have asked me if I am happy with the way the show worked out. My answer is always the same, we are happy if our customers are happy, and we are not if they are not.

As a non-profit organization, we exist as long as we fill a need.

Based on the comments I got at the show and afterwards, I feel that on many levels we succeeded in our goal to represent the TV business as it exists right now.

So many aspects of the business are changing and we see our role in creating a marketplace of programming and ideas that allow our attendees to maximize their time, content and brain power.

Our attendance was up. Exhibitors were up. Buyers, especially from cable networks were up. The 45 sessions were mostly S.R.O. and the Mandalay Bay did a fine job of catering to everyone's needs.

We are, all in all, pleased with the results of NATPE '05 and we appreciate the support of all our member companies and delegates and also our sponsors.

We look forward to being even better in '06. Thanks to all.



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Highlights Of NATPE 2005

Conference & Exhibition At Mandalay Bay Resort, Las Vegas

January 25 - 27, 2005



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Left to right: Ted Turner;
Peter Winkler,
PricewaterhouseCoopers;
Arnold Peter,
Lord Bissell & Brook LLP; and
Rick Feldman, NATPE.

Left to right: Stephen Davis,
NATPE Co-chair;
Rick Feldman, NATPE President
& CEO; and John Weiser, NATPE
Co-chair.



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The Road Ahead For The Cable Industry

Moderator: Peter Winkler

Panelists: Lisa Gersh Hall, Daniel Hartman, Stacy Jolna, and Ted Schaefer

How the cable television industry can boost revenues and satisfy customers during the next five years was the central theme of the NATPE 2005 panel, "The Road Ahead for the Cable Industry."

Panel moderator Peter Winkler, global marketing director of PricewaterhouseCoopers' (PwC) entertainment & media practice, outlined key findings from PwC's new report, "Big Bets for the U.S. Cable Industry: Key Opportunities for Future Revenue Growth." The report recommends that cable TV operators focus on solid execution of the "triple play" (digital video, high-speed data, and telephony service) and also pursue the addition of wireless service to create a quad-play bundle. The report also suggests that cable networks invest in high-quality programming, which will have both a positive impact on the networks' brand and market value and generate significant syndication revenue opportunities. Working with marketers to develop targeted advertising via the on-demand platform will result in more accurate

and detailed customer data for effective marketing.

Stacy Jolna, senior vice president and general manager of TV Guide Television, seconded those comments, explaining that his company is already working with advertising agencies and media buyers, TV networks, cable operators and others to develop new business models that integrate advertising and programming in new ways, and that a system must emerge that can measure on-demand viewer behavior.

PwC partner Ted Schaefer stated that cable has an advantage over satellite and telecom companies in the market for bundled communications services, thanks to its large video subscriber base and sophisticated physical infrastructure. In the high-speed data arena, cable operators currently have a lead, but telecom operators are cutting into that lead with discounted offers for their broadband DSL services. As a result, some cable companies are beginning to offer tiered cable modem broadband service, with lower prices for lower connection speeds and data

capacity. While telecom operators have a lead in the wireless sector, Schaefer said that cable companies have the opportunity to form alliances with independent wireless carriers to gain ground in that area.

Daniel Hartman, vice president of programming acquisitions for DirecTV, noted that while digital broadcast satellite (DBS) operators have been successful in taking video subscribers away from cable, it is imperative that DBS operators continue building their brands and developing relationships with the likes of the National Football League and NASCAR for programming. At the same time, they must keep an eye on the major telecom operators of the world, who will soon become major competitors in the digital video space.

Lisa Gersh Hall, president and chief operating officer of Oxygen Media, said that while increased competition will bring more pressure to independent cable networks such as hers, "We've always looked at independence as an advantage. It's allowed us enormous flexibility in different types of strategies, and it also gives us a great amount of creative freedom." She added that independents can survive in the current climate by developing and maintaining a strong brand that speaks to consumers, advertisers, and affiliates alike.

Hall explained that revenue growth opportunities await networks that can develop successful original programming. "As cable programmers continue to invest in original programming, especially with TiVo and other digital video recorders (DVRs) making original programming ever more important, those kinds of revenues will rise," she said. "Programmers will create programming that can thrive across multiple platforms" in the future, including video-on-demand and broadband.

Where TV Programming Meets The Bottom Line

Moderator: Arnold Peter

Panelists: Stephen Davis, Neil Dickson, Del Mayberry, and Eric Schotz

Although the television industry finds itself at a crossroads—facing rising programming costs, audience fragmentation, and increasing political and regulatory pressures—there remains ample opportunity for profit and success. That was the message of the “Where TV Programming Meets the Bottom Line” panel at NATPE 2005.

Del Mayberry, chief financial officer of Fox Networks Group, opined that despite numerous challenges, the basic business model for television has not changed in 50 years. His advice to

pinpoint formats that are successful, and then build upon them.

Neil Dickson, partner at Lord, Bissell & Brook, noted that one of the challenges facing broadcasters is to adequately utilize the additional bandwidth now available through digital TV, which potentially represents new revenue sources; failure to adequately do so will have significant negative consequences for the industry.

New forms of integrated advertising can also positively impact the bottom line, through for example sponsored programming and product place-

can garner a 68 share with a program, making it significant “not only for the bottom line, but also as an incubator to test out programming.”

The panel also discussed the current debate over decency standards, and how an uneven playing field exists between broadcast and cable. “We program to the edge, particularly in broadcast because we compete with cable, and we live in an ‘anything goes’ environment,” Davis said. “We need to know what is considered decent and what is considered not decent.”

Looking to the future, the panel

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~ Stephen Davis, NATPE Co-chair

programmers was to redouble their efforts in creating and investing in the highest-quality or “TiVo-proof” programming.

Eric Schotz, chief executive officer of LMNO Productions, added that television is always at a crossroads of some kind, and that the bottom line never changes: companies are consistently looking to create and/or increase profits. “We are in a business where we’re fairly derivative,” he said, pointing to the breakout success of *American Idol*, whose format originated in England. The goal, said Schotz, is to

ment in such reality shows as *The Apprentice* and *Wickedly Perfect*, though care needs to be taken to ensure that such activities do not hinder the quality or taint the integrity of the show.

Granada America President Stephen Davis noted that, internationally, the tremendous amount of audience fragmentation has created new opportunities. Markets that received scant attention 10 years ago suddenly are now significantly more important; where before the industry fed off major territories like Germany and France, today such places as Norway

agreed that reality shows will peak in the next few years, with scripted programming cycling back into vogue. As the current generation of 16-to-24-year-olds tends to be highly technical, the TV experience needs to become more technologically savvy as well: while traditional TV sets will certainly continue to sell, demand for programming on enhanced cell phones and other mobile devices will likely rise.

Bill Simon offers the inside scoop on this month's hottest executive placement search...

Nielsen Media Research is looking for a vice president of entertainment research to oversee client accounts and generate new business opportunities. This position is located in San Francisco, California.

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Reshaping Your Television Career In The Evolving Digital World

Moderators: William Simon and Peter Winkler

Panelists: Arnold Peter, Fran Pomerantz and Mark Rosenbaum

New job opportunities and long-term career management in the changing media landscape were the key topics of discussion during the "Reshaping Your Television Career in the Evolving Digital World" panel at NATPE 2005. The panel was moderated by William Simon, senior client partner and leader of the media and entertainment practice at executive recruitment firm Korn-Ferry International.

Peter Winkler, global marketing director for PricewaterhouseCoopers' entertainment and media practice, opened the discussion by sharing insights and forecasts from PwC's *Global Entertainment & Media Outlook: 2004-2008* report. In the U.S., PwC projects approximately 5 percent growth for the entertainment and media industry as a whole over the year, driven by the cable TV, filmed entertainment, Internet and video game segments. Globally, PwC projects a slightly faster 6 percent growth pace in 2005.

Winkler also discussed highlights from a PwC report on the cable TV industry that was released at NATPE. He explained that cable operators need to focus on solid execution of the "triple play"—digital video, high-speed data and telephony services. He recommended that cable networks focus on strong content that can distinguish their brands and solidify a niche in the TV universe.

Determining where one fits in can be tricky. Fran Pomerantz, managing director of The Pomerantz Group, said that possession of a combination of skills—from operations to finance to marketing—rather than concentrating on one facet is preferable, while panel moderator Simon said that fairly sudden job market shifts, such as a recent spate of positions opening in the mobile content arena, are becoming more commonplace. "It's all about being smart

and paying attention to what is going on in the marketplace," he said.

Arnold Peter, chairman of the entertainment practice at the law firm Lord, Bissell & Brook, explored employment contracts and negotiations, saying, "Unless you're operating at the highest levels, long-term employment contracts as a practical matter don't exist." Large bonuses have also become increasingly rare, and are now usually tied to company and/or divisional—rather than personal—performance.

Mark Rosenbaum, who transitioned from working as a senior executive at entertainment giant Fox Television to becoming CEO at the much smaller digital video distributor SmartJog, said that his transition had been relatively smooth and very fulfilling. While there are many differences in his new working environment, the one constant at both Fox and SmartJog has been relationships, and the need to maintain and nurture them.

On a practical level, the panel encouraged job-seekers to familiarize themselves with prospective employers beforehand, and to make sure that they're truly prepared to change industries or positions when necessary. At the same time, several panelists noted, there may be unique opportunities and more career continuity to be had by moving to a different role or division within the same company. Simon added that, while it's still too early to tell if the economy is truly improving, the industry has begun seeing an increase in additive hiring, instead of just replacement hiring.