

# INDUSTRY MATTERS

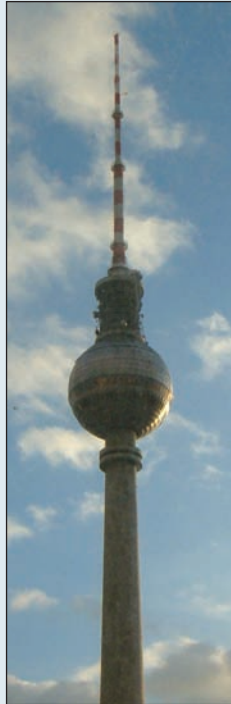
Europe's cable and television industries have both held major events to discuss burning issues and the latest developments. The *Euromedia* team went along too.

## Cable Congress 2009: Nick Snow reports from Berlin

Tony Ball, chairman of KDG, got the 50th Cable Congress underway by cheerfully admitting he had spent much of his career (at Sky) trying to make cable fail. Now, of course, he's changed his mind and is particularly proud KDG has invested over €1 billion in its network – with no state aid. His plea was that regulators in general, and German regulators in particular, must recognise this level of investment needs a return and that allowing more integration would increase innovation.

The 'view from the top panel' concluded that old arguments over whether content is king, or distribution is god, were irrelevant and all needed to work together to profit from the consumer. However, back on earth, the conflict was still there, with Parm Sandhu, CEO of Unitymedia, Germany's second largest MSO after KDG, flatly disagreeing with Rich Ross, president of Disney Channel Worldwide, over whether carriage fees and minimum guarantees were outdated.

Mike Volpi, CEO of Joost, who would not be so welcome if the service had taken off as some cable operators feared it would, believes its new direction of alliances with social networks will encourage recommendation and the 'stumble across' factor for VoD. Others including Mike Fries, CEO of Liberty Global, and Darren Childs, MD BBC Worldwide Channels, were adamant that linear channels were essential to VoD; users watch material related to what they've seen on regular TV, the amount of unprompted VoD was still very small. There was also agreement that cable shouldn't fear the



'Internet to TV jump' (though Volpi claimed existing platform resistance was the only reason it wasn't already prevalent) as it had the broadband to deliver it and – so long as it got its User Interface act together – was best placed to exploit it.

The finance panel was a frank, but fairly upbeat affair. It is no secret that with most MSOs controlled by highly leveraged private equity capex is going to be scarce. John Hahn of Providence (which has major positions in KDG and ONO) confirmed as much, "investment is only going to be made if the return in it is certain and fairly neat term."

Generally, though, the panel agreed cable was in OK shape – its services are either utility or counter cyclical (in the entertainment space) and that meant cash flow would remain strong. But there will be bumps; even though many private equity firms restructured debt in 06 and 07, the depth of the lending crisis means assumptions then about having further access to the credit markets are having to be rethought.

ONO, in particular, has a looming crunch 12 to 15 months down the road and both Hahn and Richard Alden, the outgoing CEO, agreed there would have to be a major capital restructure or sale. As Alden admitted, "if we had our time over again, would we go through with the mergers of 2005, no, but that's hindsight."

In terms of prospects, Philip Meier-Scherling MD at Deutsche Bank, was fairly upbeat believing a recovery of sorts was probably less than a year away and stock and debt markets would be quick to recognise (or remember) the good fundamental value of cable and how well it is positioned in an expanding world of NGA.

## MIPTV – Colin Mann reports from Cannes

Despite its oft-rumoured demise, the linear TV schedule still has a role to play in the multi-platform age, according to Simon Nelson, controller, Platform and Portfolio, BBC Vision. Addressing a MIPTV Digital Forum on 'International Cross Platform Strategies', Nelson refuted suggestions that increasingly powerful search and recommendation engines make the linear schedule irrelevant. "The power of the schedule is increasingly important," he told delegates, advising that BBC iPlayer requests often come close to transmission.



"People don't want to wait three or four days to find out the result of one of our entertainment programmes," he remarked.

Nelson said that digital media had enabled the BBC "to completely transform" its approach to content, with the Internet being more than a means of allowing the streaming of content. "It's a transformation in convenience and accessibility," he suggested, noting that all BBC programmes now have automatic web support, with certain selected shows receiving '360 degree' treatment, of full support, mini-sites and links to related BBC sites.