

# [Medianews] Canada: XM mulls betting the bank for subscriber growth

The challenge: Establish a profile in satellite radio to attract subscribers  
The call: Ramp up spending to steal market share away from Sirius, without blowing the budget  
GRANT ROBERTSON  
Globe & Mail  
Media Reporter

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Important decisions made over breakfast usually involve white toast or brown, decaf or regular. But when XM Canada founder John Bitove Jr. called his chief operating officer Stephen Tapp to a morning meeting at a diner in Toronto last year, there was a bigger choice on the menu for the startup satellite radio company. Around the corner from the restaurant was an old bank vacated by Canadian Imperial Bank of Commerce. The spot was ideal for a new business looking to stand out, serving as both an office and a giant billboard at a busy intersection. But the question was not about location, it was about money. Like many startup ventures, the cost of launching a satellite radio operation is disproportionately high in the first few years. From advertising expenses to deep discounts offered on radio receivers, the list of expenses for a new company is long. Canadian Satellite Radio Holdings Inc., operator of XM Canada, had to decide whether spending several million dollars to turn the bank into radio studios and offices was worth the cost, particularly as rival Sirius Canada was opting to go without a similar standalone facility to broadcast from. The decision was made to gamble on the bank. The building, which is scheduled to be completed this month, may come with a multimillion-dollar price tag now, but it will pay for itself down the road, Mr. Tapp said. "In our opinion, it's a very smart business decision. It gives you marketing opportunities and it gives you a presence that people can see." It's one of many crucial spending decisions the company has faced in the early going, and one of many such choices it will have to sell to its investors. Similar to Sirius Canada, XM must strike a delicate balance between spending needed to build the company and keeping those bills from getting out of control. "We make those decisions on a daily basis," Mr. Tapp said. "There's a little bit of art and there's a little bit of science because, with the decisions that you're making, obviously you want to back the right horse." How satellite radio companies spend their dollars has become a concern in the United States. Both XM Canada and Sirius Canada have watched their U.S. counterparts burn through piles of cash to get those businesses off the ground. The U.S. industry has spent hundreds of millions signing celebrities to host shows, while slashing the sticker price on radios to encourage people to subscribe. The companies have also battled each other in pricey advertising campaigns. In the fourth quarter, the U.S. versions of XM and Sirius spent \$89 (U.S.) and \$113, respectively, for every customer they added, but neither company has turned a profit in roughly five years of operations. Concerns about that spending reached a boiling point last month when the chairman of XM's U.S. operation resigned, warning of a "crisis on the horizon" if the company didn't slow down. The U.S. situation is now a cautionary tale for Canada's satellite radio sector. Though spending is crucial, every dollar must be

evaluated for its strategic value, Mr. Tapp said. Beyond XM Canada's investment in the headquarters, it's spending in other areas it believes will pay off. The cost of radio receivers -- which range from \$99 (Canadian) to \$399 -- is subsidized to make them more attractive for consumers. That approach works if enough customers subscribe to the service long-term, paying \$12.99 a month. Marketing costs have also been higher. When XM announced two weeks ago that it has secured 44,000 subscribers in its first three months of operating, the company also said it was footing the bill for another 6,000 listeners who were not paying subscribers. Getting its receivers in the hands of potential customers who haven't heard satellite radio before costs money, Mr. Tapp said. Programming costs are a major up-front cost.

Investments in an all-NHL channel, including a dedicated studio in the new building, are among the company's major programming costs in the first year, but are expected to attract subscribers, Mr. Tapp said. XM will release its first full quarter of earnings soon, providing a glimpse of what startup costs have been. Sirius Canada is not publicly traded and doesn't report earnings. Speaking to analysts in February, Mr. Bitove said XM Canada will have higher costs for the first 18 months of its existence, which could then drop significantly to a few million dollars a quarter. At that point, investments made now will be looked upon to show the healthy returns the company is predicting. The image satellite radio has created in the U.S. of new companies spending frivolously -- particularly after New York-based Sirius spent \$500-million to sign controversial shock jock Howard Stern for five years -- won't be adopted in Canada, Mr. Tapp said. "Even though this is a fun and crazy startup, there is a real discipline that we apply to spending decisions." ----- Stephen Tapp, President and COO, XM Canada, Canadian Satellite Radio Inc.

Age: 44 Career history: Involved in several startups, including TSN in 1984 and the launch of Viewers Choice pay per view in 1991. Previous job: Executive vice-president of CHUM Ltd.'s television division. Number of satellite radio receivers owned: 3 Listening to right now: (Un)Signed -- Channel 52. Emerging Canadian bands. Classical music channels or Open Road, The Truckers Channel? Open Road. Hardest part of the job: "It's a startup company so we're all running around like crazy right now." Management mantra: Take care of your customer now and they will take care of you in the long term. Biggest challenge for the company: Familiarizing people with satellite radio since the industry is still new in Canada.

===== George Antunes, Political Science Dept University of Houston; Houston, TX 77204 Voice: 713-743-3923 Fax: 713-743-3927 antunes at uh dot edu Reply with a "Thank you" if you liked this post. \_\_\_\_\_ MEDIANEWS mailing list medianews@twiar.org To unsubscribe send an email to: [EMAIL PROTECTED]

By Jonathan S. Landay Knight Ridder Newspapers

[http://seattletimes.nwsourc.com/html/nationworld/2002873042\\_contractor18.html](http://seattletimes.nwsourc.com/html/nationworld/2002873042_contractor18.html) WASHINGTON A Pentagon intelligence agency that kept files on U.S. anti-war activists hired one of the contractors who bribed former Rep. Randy "Duke" Cunningham, R-Calif., to help it collect data on houses of worship, schools, power plants and other locations in the United States. MZM, headed by Mitchell Wade, also received three contracts totaling more than \$250,000 to provide unspecified "intelligence services" to the

White House, according to documents obtained by Knight Ridder. The White House didn't respond to an inquiry about what those intelligence services entailed. MZM's Pentagon and White House deals were part of tens of millions of dollars in federal government business that Wade's company attracted beginning in 2002. MZM and Wade, who pleaded guilty last month to bribing Cunningham and unnamed Defense Department officials to steer work to his firm, are the focus of investigations by the Pentagon and Department of Justice. In February 2003, MZM won a two-month contract worth \$503,144 to provide technical support to the Pentagon's Joint Counterintelligence Field Activity, or CIFA. The top-secret agency was created five months earlier primarily to protect U.S. defense personnel and facilities from foreign terrorists. The job involved advising CIFA on selecting software and technology designed to ferret out commercial and government data that could be used in what's called a Geospatial Information System (GIS). A GIS system inserts information about geographic locations, such as buildings, into digital maps produced from satellite photographs. MZM was to "assist the government in identifying and procuring data" on maps, "airports, ports, dams, churches/mosques/synagogues, schools [and] power plants," said the statement of work. It isn't clear why U.S. intelligence agencies couldn't do the work themselves. CIFA recently has come under fire after disclosures that it maintained information on individuals and groups involved in peaceful anti-war protests at defense facilities and recruiting offices. The information was stored in a database that was supposed to be reserved for reports related to potential foreign terrorist activity. The disclosure that CIFA was storing information on anti-war activities added to concerns that the Bush administration may have used its war on terrorism to give government agencies expanded power to monitor Americans' finances, associations, travel and other activities. The administration's domestic-eavesdropping program and FBI monitoring of environmental, animal rights and anti-war groups have also fueled fears. The administration contends that its programs are legal.

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[\\_r=1&oref=slogin&pagewanted=print](http://www.nytimes.com/2006/03/19/business/yourmoney/19frenzy.html?_r=1&oref=slogin&pagewanted=print) ONLY a handful of days have passed since he announced the deal to sell Knight Ridder, but P. Anthony Ridder, the company's chairman and chief executive, already has ghosts to contend with. The biggest, of course, is the pending disappearance of the company his great-grandfather, Herman, founded in 1892 Ridder Publications, which merged in 1974 with Knight Newspapers to create what has for much of recent memory been the nation's second-largest newspaper group, with 32 dailies. But he also has to wrestle with the fact apparently unknown to him until the deal was sealed that the buyer, the McClatchy Company, plans to turn around and sell 12 of Knight Ridder's biggest papers, representing nearly half its \$3 billion in annual revenue. "It's terrible," Mr. Ridder said after the deal was announced. "The whole thing." Then why did he do it? Mr. Ridder's heartfelt contention

is that he was boxed into a corner, and he extracted the best outcome from a tough situation. With its stock lagging and its biggest shareholder, Private Capital Management, agitating for change since last fall, Mr. Ridder had few options. He personally owns only 1.9 percent of the company's shares, and Knight Ridder isn't governed by the kind of dual-tier share structure that keeps voting control in the hands of a founding family and is quite common in the media industry. (One example is the arrangement at The New York Times Company.) An argument can be made, and has been, that Mr. Ridder struck a good deal with a preferred acquirer. But it doesn't quite add up. The end of Knight Ridder looks like nothing so much as a stunning capitulation in a period when every bean-counting fund manager can fancy himself an activist and media companies are in the investment dog house. It wasn't ever thus, and it may not be thus forever. One wonders if another chief executive one with the vigor and vision of, say, Gary B. Pruitt of McClatchy, his much smaller acquirer might have toughed it out and generated a different outcome. Under Tony Ridder, Knight Ridder over the years faced a seemingly never-ending series of financial struggles at big newspapers in Detroit, Seattle, Philadelphia and elsewhere. Cost-cutting reduced some news staffs to a shadow of their former selves, but overall the company maintained a reputation for respected journalism. Mr. Ridder, well-meaning as he was, did not have an answer for the perennial riddle of why his company's margins didn't measure up to rivals like Gannett and McClatchy. "He wasn't a good operator," said Christopher H. Browne of the Tweedy, Browne Company, an investment firm that has several investments in newspaper companies, including the Tribune Company. "Look at McClatchy, and it's night and day." The newspaper industry itself, meanwhile, has come under a cloud because readers and advertisers are migrating to the Internet, where news is largely free and things like classified advertising can be purchased much more cheaply than what the local paper charges. Despite a long track record of investing in online ventures, and even relocating the company's headquarters from Miami to San Jose, Calif., in 1998 ostensibly to soak up a little Silicon Valley effluvium the company never stole a march on the Web-heads down the road. During last summer and fall, newspapers stocks went into the doldrums along with much else in media land. So in November, Bruce S. Sherman, the accomplished money manager at Private Capital Management of Naples, Fla., wrote to Knight Ridder's board to say that despite recent efforts by the company, he and other stockholders had run out of patience. "We believe the board should aggressively pursue the competitive sale of the company," the letter said, noting that otherwise his firm would consider joining forces with others to replace the board or "take other action to maximize shareholder value." The Knight Ridder board enlisted Morgan Stanley and Goldman Sachs to do as Mr. Sherman bade. He is, after all, the company's largest shareholder, with 19 percent. But at the end of the process, which attracted interest from Gannett, William Dean Singleton's MediaNews Group and various private equity groups, only McClatchy made a formal bid: valuing the company at \$4.5 billion, it would buy Knight Ridder through a combination of cash and stock. The structure of the deal is a crucial point, with Knight Ridder shareholders to receive \$40 in cash and 0.5118 of McClatchy Class A share for each of their shares. When the deal was announced Monday, its value was put at \$67.25 a share a nice premium

above the \$53.38 Knight Ridder was trading at when Mr. Sherman fired off his letter. But as of Friday that deal's value was down to \$65.39 a share as investors worried about the debt McClatchy was taking on. Two years ago, Knight Ridder traded around \$70 a share. Mr. Sherman, in the end, may eke out a small profit on his firm's investment. "When the world thinks you may have struck out, it's not bad when you hit a single," he said after the deal was announced. Indeed, Mr. Sherman must positively delight at how, with a single letter, he could move a mountain. Let's contrast Knight Ridder's rolling over with how Time Warner recently dealt with demands from the financier Carl C. Icahn to break up that company, which has been a stinker of an investment. Of course, there is a gigantic difference: Mr. Icahn and his allies had only 3 percent of the company's shares behind them, and Time Warner is too vast a company for anyone to take over. In the immortal words of the media and Internet baron Barry Diller, Mr. Icahn represented a "bad-part-of-town brush fire" for Time Warner. Still, Richard D. Parsons, Time Warner's chief executive, went out of his way to try to work out a deal with Mr. Icahn because he was worried that the wind might change and blow the fire into the better parts of town. But it is illuminating to compare tactics. Mr. Parsons consistently said his company had a brighter future intact rather than in pieces, that he would seriously consider any ideas to return money to stockholders, and all the while hedged that he could not control market sentiments. Perhaps most important, Mr. Parsons kept other big investors on his side by shrewdly making this an ideological battle between people who build businesses for the long term and the growing influence of hedge funds and other investors who specialize in exploiting vulnerability for short-term profit. Last month, Mr. Icahn called off his planned proxy fight, intended to put several directors on Time Warner's board, in exchange for some fairly innocuous concessions from Mr. Parsons. But Time Warner did agree to one significant change: increasing a stock buyback program from \$5 billion, when Mr. Icahn began pushing, to an agreed-upon \$20 billion. (By the way, there are influential Time Warner investors, and even senior managers within the company, who think he should have rebuffed Mr. Icahn and fought the proxy battle rather than agree to the big increase in debt that the buyback entails.) IN the Knight Ridder camp, there are some who depict Mr. Ridder, his senior managers and his board as frustrated and fatigued by their recent travails. Mr. Ridder contends that had he not done the McClatchy deal, Mr. Sherman and other investors would eventually have taken over his board. Thus, he did what he did while he could still control the outcome, seeking to avoid a prolonged period of uncertainty for the papers and their employees. Here's another ghost: What would have happened if Knight Ridder had made a bold declaration that the sky was not falling on newspapers? It might have said that other media company stocks have suffered just as much in the last year and thanked McClatchy for its kind offer, but decided it could do better as a going concern. It could have said that in order to fulfill its duty to investors it was willing to take bitter medicine, including more painful cost-cutting and selling some of its biggest newspapers to focus on higher-growth markets. Apparently, this latter bit was just too depressing for Mr. Ridder to contemplate, but was what Mr. Pruitt of McClatchy had in mind all along. It's called creative destruction. ===== George Antunes, Political Science Dept

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Story last modified Sat Mar 18 06:00:19 PST 2006 Chris Mairs, a tech executive and world champion water-skier, has never been one to let his blindness get in the way of career or personal aspirations. But it wasn't until about 1994, when he helped develop and test a new technology that lets vision-impaired water-skiers participate in slalom competitions, that Mairs recognized an even larger calling. "It liberated me from my sight," he said, describing the audio device, the first of a handful of technologies the a-technic charity of which he is chairman has helped develop and fund for people with disabilities. "So often what we're doing in life is compensating for our disability. But with this (water-skiing device), sight was no longer the limiting factor." That was just the beginning of Mairs' unrelenting efforts to help develop assistive technologies, and also to educate the business community and the public about technological barriers. He's also known for tackling the question, in lectures and the media, of whether technology ultimately helps or hinders the disabled. "I have not heard anyone really talk about the issues in quite the way Chris does," said John Rigg, a blind researcher for the London School of Economic who frequently uses A-technic's newspaper reader. Looking at issues for the blind, for example, Mairs points out that for every technological advance, such as talking books or online shopping, there are also accessibility roadblocks. Screen-dependent text messaging and iPods, for example, are two crazes a blind person can enjoy only to a very limited extent, he said. A native of Nottingham, England, Mairs, 45, is the chief technology officer for MetaSwitch, which develops telephone switches for telecommunication service providers. MetaSwitch has U.S. offices in California and Virginia, but is a division of London-based Data Connection, a 350-employee company Mairs help start in 1981 after working on mainframe and communications systems software at IBM. Mairs, who is now based in London, registered blind at age 18 after losing his sight from a degenerative condition, just as he started studying computer technology at the University of Cambridge. A self-described "speed-freak," he took up water-skiing at about age 23 when he figured out it was "exhilarating without being life-threatening." Until recently, Mairs water-skied on the British Disabled Water Ski Team, which he captained to win several world championships. The audio device for slalom skiing, called "Bat Blaster" ("bat" as in blind and "blaster" because it's "very noisy"), is now used in all major disabled water-ski competitions, Mairs said. The newspaper reader, or "Newsreader," which repackages what otherwise would be a massive unformatted text file, is also still used by many, and was particularly popular before newspapers started putting their content on the Internet. For Rigg, it makes it so "reading the newspaper every day is not a chore." "For a lot of people, it's the difference between reading a paper or not," he said. While most of a-technic's projects are geared toward helping the blind, its broader mission is to improve accessibility for people with all disabilities. One device in the works is a universal remote control with just a few buttons and spoken feedback that could be useful

for someone with a visual impairment or limited dexterity. Technology--from motorized wheelchairs to hearing aides to talking books--has definitely made life easier and less isolating people for with disabilities, Mairs said. But too often, disabled consumers are left out of the equation for far too long, he said. Take telephones, for example. When they first came out, you placed a call by asking an operator to connect you. Now you have screen-driven cell phones with tiny keypads "where you think you're about to call someone and you've actually taken a picture of your foot," Mairs said. And while cell phones have evolved to allow for text-reading technology, it's not possible to add new software to the iPod that might enhance its capabilities. Sure, Mairs can use the screenless iPod Shuffle. But for now, the only hope for using a regular iPod is tapping into the community of open-source hackers putting Linux on the device, which opens it up to speech programs, but essentially makes it a whole different gadget. In another example, Mairs noted that there are still many retail Web sites--like Target.com, which is subject to a California class action lawsuit--that make it impossible for a blind person to actually buy anything. "We take one step forward and one step backwards," he said. =====

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Scanning in geek history By Greg Sandoval News.com

[http://news.com.com/Scanning+in+geek+history/2100-1042\\_3-6049680.html](http://news.com.com/Scanning+in+geek+history/2100-1042_3-6049680.html) Story last modified Wed Mar 15 11:09:17 PST 2006 For almost two decades, Jason Scott squirreled away thousands of pages of old advertisements, mailers and brochures left over from the genesis of personal computing. Whether people see it as geek history or just junk, he now wants to share his stash with the world. A computer administrator from Boston, Scott began posting photos from his extensive collection of software and hardware ads, circa 1970s-1980s, at Digitize.textfiles.com last week. Maybe Mac fans can't recall what that Apple II they considered so cutting-edge back in the mid-1980s looked like. Perhaps video-game aficionados forgot that Atari once pinned dreams of dominating the PC market on the now long-forgotten Scott's site can jog their memory. Why does a 35-year-old man haul old computer ads around with him for decades and then spends hours a day scanning photos of the stuff just to display on a Web site? What's the point? Scott realizes that tomorrow is what counts in the tech sector. Nonetheless, in an industry where 2-year-old equipment can be considered obsolete, he sees value in tracking the evolution of the PC, which some analysts say has done more to alter modern life in the past quarter century than any other innovation. "These pictures show you how far we've come," Scott said. "Advertisements are the historical facts that sometimes get lost, but this proves what the early days were like." By preserving the images of these old ads, Scott intends to create a historical record. His other goal is just to allow fellow computer geeks to "ooh and ah" over the archaic equipment that fueled their childhood dreams. For Scott and his peers, the photos represent the same thing that the Sears catalog meant for prior generations, when

children would pore over the catalog's toy section and wish for electric trains and dolls. "Pretty much every child has their dream catalog," Scott said Tuesday. "These ads from software and hardware companies promised to make our computers more powerful, and we thought that was cool." Between the ages of 11 and 14, Scott sent away for every conceivable brochure and mailer dealing with computer software and hardware. He also tore out ads from magazines such as Compute, Creative Computing and Omni. He stored everything in a box and saved it. Among his archives is a brochure for a 1981 computer game from Microsoft called "Microsoft Adventure." Also included are advertisements for the Orange + Computer, what Scott calls "an Apple II clone" marketed in 1984, and one for the Addram Elite, an IBM PC RAM Expansion by a company called Profit. "This board, for example, would allow a modem and parallel printer to be hooked up simultaneously," according to the ad, "while enjoying the convenience of the real-time clock/calendar and up to 512 kilobytes (0.5 megabytes) of memory." One has to remember that back then, some PC users had to reset the clock every time they booted up and 512K was considered an enormous amount of memory. Scott says his favorite ads are the ones dealing with Atari computers. He asks himself what might have been had Atari, which now mostly makes video-game software, continued with its plans to enter the PC market. "That was a cool company," Scott says. "The ads were saying, 'We're going to take over.' And they just might have." Link: <http://digitize.textfiles.com/>

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[http://cbs5.com/localwire/localfsnews/bcn/2006/03/17/n/HeadlineNews/INDECENCY-FINE/resources\\_bcn\\_html](http://cbs5.com/localwire/localfsnews/bcn/2006/03/17/n/HeadlineNews/INDECENCY-FINE/resources_bcn_html) SAN MATEO (BCN) San Mateo broadcaster KCSM faces a \$15,000 fine from the Federal Communications Commission for airing a Public Broadcasting Service documentary on blues musicians that included repeated use of what FCC officials call "gratuitous and repeated" profanities. "The Blues: Godfathers and Sons" aired on March 11, 2004 between 8:42 p.m. and 9:32 p.m., falling between the 6 a.m. and 10 p.m. timeframe during which the FCC imposes stricter rules for acceptable language on-air. Some of the people interviewed in the documentary used the "f" word and the "s" word and other obscenities several times, according to FCC documents. Obscene speech is not protected by the First Amendment. The station did not edit out the comments because they were "not used in a prurient way, but rather as an infrequent conversational expression of the artist," Marilyn Lawrence, KCSM's general manager, asserted in a letter to David Brown, assistant chief of the FCC's enforcement bureau. Rather, the broadcast was intended to "provide a window" into the world of the musicians and others interviewed, "all of which becomes an educational experience for the viewer," according to Lawrence. The letter, dated Aug. 27, 2004, is cited in a legal notice of the fines released by the FCC Wednesday. The FCC disagreed with the station's assessment of the language, saying that the usage doesn't conform to the occasional rare case

where language usually considered profane is considered acceptable because it is "essential to the nature of an artistic or educational work" on a matter of public importance. "While we recognize that the documentary had an educational purpose, we believe that purpose could have been fulfilled and all viewpoints expressed without the repeated broadcast of expletives," the FCC said in Wednesday's legal notice. According to the FCC, the language is also shocking because it was aired at a time children "were expected to be in the audience." In assessing the fine, the FCC took into account the station's small size and the possibility that it had broadcast the show without editing out the language under dispute in the "good faith belief" that it "served a legitimate informational purpose." A representative from KCSM could not be reached after several phone calls to the station. =====

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FCC Proposes Rules for Education TV From Bloomberg News March 18, 2006 Rules proposed Friday by the Federal Communications Commission would require broadcasters to air at least three hours of children's educational television programs each week. The proposed rules also would limit on-air broadcasters' use of characters such as Viacom Inc.'s SpongeBob SquarePants to hawk products on the Internet during TV shows. The rules, recommended as part of a three-year transition to digital broadcasting in the U.S., don't apply to cable or satellite TV channels. If adopted, the rules would be among the first FCC mandates to shape programming by broadcast networks as they switch from analog to digital signals. Broadcasters must convert to digital signals, which promise to provide clearer images and sound, by February 2009. The proposed rules mirror an earlier voluntary measure. The FCC proposals follow a December agreement between media companies and child-advocacy groups. Under the voluntary arrangement, broadcasters agree to air at least three hours of educational children's programs each week and refrain from using characters in ads starting March 1.

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D. PARVAZ Seattle Post-Intelligencer Staff Reporter

[http://seattlepi.nwsourc.com/lifestyle/263434\\_popping18.html](http://seattlepi.nwsourc.com/lifestyle/263434_popping18.html) Just how out of touch can a regulating government agency be? In the case of the Federal Communications Commission, very much so. Think of Anna Nicole Smith after a paint-fume sauna. Yup, that's how clueless the FCC is and the report released by the group Wednesday says as much and more. Scenes on TV merely suggesting teens having sex (no nudity, just writhing and kissing) are wrong, pixelated breasts are inexcusable, and forget about describing a private part, even when the word itself has been bleeped out. For these risqué displays, the FCC

recommends \$3.9 million in fines against dozens of network affiliates. Then again, this is the same group that last year hired as a special adviser Penny Nance, a Christian activist who opposes abortion rights and worked with Reclaiming America for Christ. Sigh. Wouldn't it be great if Nance had been involved with a group called Reclaiming America From Stupidity? Ordinarily, I wouldn't care about the pocketbooks of major TV networks. Most of their programming is a dull, often soul-killing waste of time, and they make big money off dumb ideas that typically cater to the lowest common denominator -- "Skating With the Stars," "Dancing With the Stars" ... who the hell cares? "Rehab With the Stars" might be more constructive and entertaining. Watching Kate Moss get the sweats as she goes through withdrawal probably would deter just about anyone from, as Natalie Portman rapped on "Saturday Night Live," "snortin' all the yay." Just when you think nothing about the sour-pussed, prudish FCC could surprise you, it also announces it's recommending a \$15,000 fine for the PBS station in San Mateo, Calif., that aired "The Blues: Godfathers and Sons." The analysis in the report is a hysterical -- in both meanings of the word -- dissection of "The 'S-Word' " and "The 'F-Word' " and why it's not OK to use them in "The Blues" but just fine in "Saving Private Ryan." Huh? The FCC also states that it finds "the 'S-Word' is a vulgar excretory term so grossly offensive to members of the public that it amounts to a nuisance and is presumptively profane." So grossly offensive? Are we thinking of the same s-word here? If the FCC had its way, we'd probably be fined \$15,000, for even thinking of this word -- unless, of course, we were replaying a scene from "Saving Private Ryan." Besides being utterly misguided in its decisions on whom to fine for what reason, the FCC also has announced it will only fine stations if viewers complain about specific programs. Get it? No complaints equals no fine. Unless, of course, the FCC decides it can dismiss the complaints, in which case, again, no fines. This indicates we're basically subject to the whims of the FCC commissioners, all of whom were appointed by our sitting president. This would explain why CBS doesn't stand a chance of wiggling out of the \$550,000 fine it's facing for the infamous Janet Jackson mono-nipple exposure incident of 2004. "We appropriately reject the argument that CBS continues to make that this material is not indecent," wrote FCC Chairman Kevin J. Martin in a statement. "That argument runs counter to Commission precedent and common sense." Common sense would be a good thing to strive for in your own endeavors at the FCC, Kev, because Wednesday's order is a long, lame, embarrassing list of inconsistent, almost laughable decisions. Here's a sample: "We conclude below that certain vulgar sexual or excretory terms are so grossly offensive to members of the public that they amount to a nuisance and are presumptively profane." How is it that they don't find anything on "Fear Factor" -- a gross-out show if there ever was one -- offensive, but find a pixilated bare breast (featured on "The Surreal Life 2" for which one station has been fined so far) to be "patently offensive?" There's more, though, and it only gets better. Or worse. "We reserve that distinction for the most offensive words in the English language, the broadcast of which are likely to shock the viewer and disturb the peace and quiet of the home," the FCC continues. Disturb the peace and quiet of the home? What the heck does that mean? Of all the things plaguing the American family -- alcoholism, domestic abuse, lack of affordable child care, divorce, etc., the FCC thinks

the description of a sexual organ (as done on "The Surreal Life 2," when someone describes porn star Ron Jeremy's "big [bleep]") will shatter the American family? Man, oh man. Rest assured, sleepy FCC, there's nothing on TV the kids probably haven't seen, heard or read online. Compare the numbers: According to Nielsen Net- Ratings, there were about 30.3 million kids ages 2-17 online in February 2006. Meanwhile, Nielsen Media Research reports that about 9 million kids in the same age group watched television between Sept. 19, 2005, and March 12, 2006. So, while you're scrambling to fine networks and stations for a bleep here and pixilated nipple there, the scourge of free expression is running rampant on the Internet. Boy, that's gotta keep you up at night. ===== George Antunes, Political Science Dept University of Houston; Houston, TX 77204 Voice: 713-743-3923 Fax: 713-743-3927 antunes at uh dot edu Reply with a "Thank you" if you liked this post.

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Corporations Stiffing Government on Fines By MARTHA MENDOZA and CHRISTOPHER SULLIVAN Associated Press Writers 5:34 AM PST, March 19, 2006 When a gasoline spill and fiery explosion killed three young people in Washington state, officials announced a record penalty against a gas pipeline company: \$3 million to send the message that such tragedies "must never happen again." When nuclear labs around the country were found exposing workers to radiation and breaking other safety rules, assessments totaling \$2.5 million were quickly ordered. When coal firms' violations were blamed for deaths, injuries and risks to miners from Alabama to West Virginia, they were slapped with more than \$1.3 million in penalties. What happened next with these no-nonsense enforcement efforts? Not much. The pipeline tab was eventually reduced by 92 percent, the labs' assessments were waived as soon as they were issued, and the mine penalties largely went unpaid. The amount of unpaid federal fines has risen sharply in the last decade. Individuals and corporations regularly avoid large, highly publicized penalties for wrongdoing -- sometimes through negotiations, sometimes because companies go bankrupt, sometimes due to officials' failure to keep close track of who owes what under a decentralized collection system. These are conclusions of an Associated Press examination of federal financial penalty enforcement across the nation, which also found: \* The government is currently owed more than \$35 billion in fines and other payments from criminals and in civil cases, according to Justice Department figures. This is almost five times the amount uncollected 10 years ago -- and enough to cover the annual budget of the Department of Homeland Security. A decade ago, Congress mandated that fines be imposed regardless of defendants' ability to pay, which has added tremendously to outstanding debt. \* In 2004, federal authorities ordered \$7.8 billion in 98,985 fines, penalties and restitution demands in criminal and civil cases, but collected less than half of that. \* White-collar crime cases account for the largest amount of uncollected debt. In a study, Government Accountability Office investigators found that just 7 percent of restitution in such cases is paid. "Fines and orders to pay restitution are an important part of how we punish convicted criminals. When so little effort is made to collect that money, we allow convicted

criminals to avoid punishment for their crimes, weaken our criminal justice system and ultimately deny justice to the victims of crimes," said Sen. Byron Dorgan, D-N.D., who has pressed for closer scrutiny for years. The mechanisms of financial penalty enforcement are complex. To glimpse them, the AP filed Freedom of Information Act requests with a dozen federal agencies, seeking records on why and how they issue and collect administrative penalties and other assessments. The AP reviewed the responses, which ranged across the spectrum of regulation -- from penalties for an Illinois company's shoddy bike handlebars that resulted in knocked-out teeth to fines for selling tainted meat in Tennessee. The AP also reviewed more than a decade of congressional and Justice Department reports on uncollected debt, and interviewed agency officials, prosecutors and individuals who were fined. Although the government does collect billions each year in fines, penalties and restitution -- including hundreds of millions in long-outstanding debt -- success rates vary from agency to agency, region to region, case to case. In many high-profile cases, fines are touted by authorities as proof that they are cracking down. Yet frequently those orders are quietly negotiated to just a fraction of their original amounts -- as if drivers, faced with fines for speeding, offered the traffic court judge pennies on the dollar, and the judge agreed. Documents provided to the AP by the Labor Department's Employment Benefits Security Administration, whose job is to protect pension and welfare benefits, showed that \$2,000 was the maximum amount paid on nearly a dozen penalties ranging from \$86,500 to \$180,000; these were for various kinds of violations, everything from failure to file reports to self-dealing by pension fund managers. Why the reductions? Officials explained that compliance is the agency's goal, and that the law allows penalties to be reduced when companies make amends. Violators who don't comply risk being referred to the Treasury Department, which can collect by seizing federal benefits. The Occupational Safety and Health Administration's written policy explains to inspectors that they can reduce penalties by as much as 95 percent, "depending upon the employer's `good faith,' (25 percent) `size of business,' (60 percent) and `history of previous violations.' (10 percent)" Internal documents from U.S. Customs show that dramatically large fines may be cut sharply. Agency documents released under AP's FOIA request listed, for example, a \$60,911,316 "commercial fraud" assessment for one company -- but the case ended with a \$15,000 collection by Customs. The company, Richemont North America, contradicted the Customs reports, saying the case never reached the point of an actual, multimillion dollar fine. Admittedly, some paperwork was not in order, company lawyer Alan Grieve said, but he added: "Ultimately, the size of the settlement does reflect the fact that Richemont had no major problem at all." The Energy Department routinely issues substantial fines it isn't even allowed to collect. Federal law exempts the national nuclear laboratories from most financial liability, but the Energy Department has issued some \$2.5 million in fines against Los Alamos, Livermore and Argonne national laboratories since 2000. The fines -- issued and waived in the same sentence -- involved 31 different workers who inhaled or touched radioactive or toxic materials. In 2004, Energy's National Nuclear Safety Department fined Los Alamos National Laboratory in New Mexico \$770,000 for five separate violations after two workers were exposed to dangerously high levels of

plutonium. The violation notices add in parentheses: "Waived by Statute." "This is kind of an exercise in absurdity," said Greg Mello, who heads the Los Alamos Study Group, a nuclear disarmament activist organization in Albuquerque. Even so, the Energy Department includes the fines in its annual reports to Congress and often announces them in press releases. Last year, Congress tightened the rules so that as nuclear laboratory contracts are renewed, the fine waivers are eliminated. Eventually, said DOE spokesman Jeff Sherwood, nuclear labs will have to pay imposed fines. The reason DOE issued fines it could not collect was to show what the problems were and how bad, he said: "A \$1 million fine says something different than a \$10,000 fine." Financial penalties are regularly touted by agencies and prosecutors as a strict consequence of lawbreaking. The message -- that violators can expect to pay dearly -- can be misleading. The Office of Pipeline Safety, a Transportation Department bureau, is one of a number of agencies chastised by members of Congress for failing to follow through on enforcement. Nearly seven years ago, a pipeline ruptured, spilling 230,000 gallons of gasoline into a creek near Bellingham, Wash. The fuel exploded into a fireball that ravaged the surrounding woods. And it killed two 10-year-old boys playing in the woods and a young man, 18, who had gone to the stream to fish. Authorities vowed to punish those at fault, and indeed some company officials eventually served prison time. But on June 2, 2000, the Transportation Department issued a forceful press release, announcing a \$3.05 million administrative penalty against the pipeline owner, Olympic Pipe Line Co. This, it said, was the largest in the history of the federal pipeline safety program. "Tragic events like this pipeline failure must never happen again," then-Transportation Secretary Rodney E. Slater said at the time. "This civil penalty is one of a series of actions we have and are taking to help protect the people and environment." But last year, with the memorials in place, fish returning to the creek and the forest budding with new growth, the penalty was quietly reduced to \$250,000. "They let them off with a slap," said Carl Weiner, who heads the Bellingham-based Pipeline Safety Trust. Olympic Pipe Line officials disagree, saying they already paid \$11 million in state and Justice Department assessments and \$15 million in restoration and improvements. Still, the case illustrates how the value of assessed penalties is merely a starting point for some officials. The Environmental Protection Agency, for example, is often willing to reduce penalties in exchange for polluters agreeing to spend money cleaning up. "We trade off a portion of the penalty in return for them doing supplemental environmental projects," said the EPA's Tom Skinner. The recent West Virginia coal mine deaths focused new criticism on enforcement tradeoffs made by mine safety inspectors. During hearings in January, Sen. Arlen Specter, R-Pa., voiced outrage at how coal operators can whittle down fines. He cited assessments by the Mine Safety and Health Administration against a company in an Alabama mine where 13 people were killed in 2001. "Incredibly, ... an Administrative Law Judge reduced these fines from \$435,000 to a mere \$3,000 -- a decision that harms workers and erodes MSHA's authority," Specter and three fellow senators elaborated in a letter to Labor Secretary Elaine Chao. The Labor Department later announced plans to raise fine amounts, and in a case it called "precedent-setting" sought an injunction against a Kentucky mine operator and two companies he owns,

which paid nothing on \$200,000 in penalties. AP's Freedom of Information filing turned up numerous cases in which administrative penalties were ordered against mining companies for dangerous laxness in following rules -- and yet records showed many went unpaid. Sometimes, in the narrow-margin world of small coal companies, the violator escaped paying by declaring bankruptcy or ceasing operations. On Feb. 20, 2002, near Rupert, W.Va., a section of mine roof up to 10 feet thick collapsed, killing one miner and seriously injuring another. It took more than four hours to dig them out. The MSHA investigators' report concluded: "Root cause -- Mine management condoned unsafe work practices and ... demonstrated a reckless disregard of the dangers posed by conditions created when faulty pillar recovery methods were used." Some supervisors were eventually ordered jailed and fined, prosecutors said; two companies that ran the mine were placed on a year's probation. The companies also were hit with \$165,000 in administrative penalties each. But MSHA has no record of any payment four years later. When contacted by AP about why, the agency cited records showing the mine was sealed and, in one case, a bankruptcy filing made. "They probably figured it wasn't worth it financially to stay in business," said the agency's Allen K. Watson. When agencies can't get debtors to pay, the Justice Department may get the task of collecting a fine or penalty. But the process is decentralized. The collection legwork falls to the 93 U.S. Attorney offices around the country, where "financial litigation units" have the task of pursuing the money. Although the backlog of uncollected debt has drastically increased, from \$6 billion in 1995 to more than \$35 billion in 2004, the number of financial litigation unit lawyers has remained steady, usually just one or two per office, supplemented by paralegals. Reviewing the adequacy of staffing was one of 14 recommendations made by the GAO in 2001 to improve collection. A followup report two years ago noted progress in streamlining procedures but still said "fragmented processes and lack of coordination" remained. Until these problems are fully addressed, GAO said then, "the effectiveness of criminal fines and restitution as a punitive tool may be diminished." An attempt by the prosecutors and court system to create a National Fine Center, centrally coordinating collections across myriad jurisdictions, collapsed and was abandoned a decade ago. The Justice Department office overseeing U.S. attorneys said it has made strides toward better coordination, including links with Treasury's program to offset certain federal benefits to repay debt. Justice also published a "Prosecutors Guide to Criminal Monetary Penalties." A major factor in the high rate of uncollected fines and penalties was a change in the law. The 1996 Victims Mandatory Restitution Act requires judges to order payments regardless of a defendant's ability to pay. It's no coincidence, says Natalie Collins, a spokeswoman for the U.S. Attorney's office in Las Vegas, Nev., that the uncollected debts have steeply increased since the law was passed. "These people come out of prison with a huge restitution debt and if they can't pay, they have that judgment just hanging over them," she said. "We can't squeeze blood out of a turnip." That said, some prosecutors' offices are more successful than others in going after the money. For example, in 2003, Delaware's U.S. Attorney's office was the top collector in the country, bringing in \$365 million in criminal and civil debt and leaving just \$19 million outstanding. At the other end of the spectrum that year was the Montgomery, Ala., office, which collected

\$914,676 and ended 2003 with almost \$30 million uncollected. Steve Doyle, an assistant U.S. Attorney in Montgomery, said the small office has just one attorney and one paralegal, assigned part-time to collecting debts -- which are often uncollectable. "Other than in white-collar cases, most criminal defendants don't have any money," said Doyle. "We attempt to collect everything that can be collected." Sometimes even as financial penalties are being ordered, it's obvious that the money is never going to be paid. "I've had clients who have had millions of dollars of restitution imposed, and every one in the courtroom knows that this person will never be able to pay," said Mike Filipovich, a federal public defender in Seattle. Five years ago, Filipovich represented Leonard Fridall Terry Antoine, a member of Canada's Cowichan band of the Salish tribe, who was sentenced to two years in prison and ordered to pay \$147,000 for paying people to shoot bald eagles and selling their parts. Prosecutors charged him \$3,000 for each of 49 eagles. "It is absolutely right that this defendant serve time for such an outright violation of our nation's environmental laws," said Tom Sansonetti, then-Assistant Attorney General of the Department of Justice's Environmental and Natural Resources Division. "The outcome will serve as a deterrent." Antoine was released from prison in 2003, but has not paid any of the fines, according to federal records. "The reality for most folks," said Filipovich, "is that they simply can't afford to pay."

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<http://www.latimes.com/technology/la-ca-turks19mar19,1,3707991.story?coll=la-headlines-technology>  
Can't get on the network? Get on the Net Unsigned and unfiltered, the Young Turks find a digital audience hungry for their liberal talk. By Matea Gold LA Times Staff Writer March 19, 2006 CENK UYGUR was pretty sure he had the makings of a good TV show. Every afternoon, he and fellow liberal talk show hosts Ben Mankiewicz and Jill Pike spent three hours dishing about politics and pop culture for their irreverent Sirius Satellite Radio program "The Young Turks." They already had an avid fan base, including listeners who urged the trio to seek a larger audience. So last year, the Los Angeles-based commentators shot a television pilot in a rented studio and shopped it to the cable news channels, buoyed by a letter-writing campaign to network executives from some of their followers. No one bit. So Uygur and his co-hosts took the matter into their own hands. "We thought, 'If they're not going to put us on, let's put ourselves on.' " With the help of some investors, the Young Turks bought four professional digital cameras and rented a studio space along Wilshire Boulevard's Miracle Mile. In mid-December, they began streaming their three-hour show every weekday on their website, <http://www.theyoungturks.com>, billing it as the first live Internet talk show. In the process, they've helped pioneer the rapidly developing field of online programming from webcasts to video podcasts and vlogs (the video version of a blog) now delivering content that traditionally would have had to survive the television development season and pass the muster of network executives to find an audience. "Anybody can own a broadcast power now," says Jeff

Jarvis, who writes about media and technology on his blog BuzzMachine. "We're going to have more and more choices. TV will no longer be one-size-fits-all." Until recently, original video programming on the Internet has resembled homemade films more than mainstream television shows, appealing to niche audiences with pieces focused largely on youth culture, tech wizardry or quirky personal stories. On one of the most popular sites, Rocketboom.com, host Amanda Congdon delivers a wry three-minute daily newscast about new gadgets and oddball stories. The site Vlogmap.org lists more than 480 vlogs in the U.S. alone, including the heavily trafficked 64mm.com, which boasts that it's "The First and Best Skateboarding VideoCast on the Net." But this new medium is increasingly being embraced by broader constituencies as well. In the case of "The Young Turks," the program has attracted a growing number of liberals hungry for a political victory and excited about the potential of a technology that offers a low-cost way to rally the troops. For Democrats who have long felt outflanked by the right's heavy presence on talk radio, the Internet program provides a new model of how to get their message out, unfiltered. "Often in discussions a few years ago, when people were distraught at how conservative the media had become, the conversation often turned to 'We have to buy a network as an alternative,' " says filmmaker Robert Greenwald, who directed "Wal-Mart: The High Cost of Low Price" and is a frequent guest on the show. "But we're seeing today you don't have to do that. There are all these fascinating possibilities out there." The numbers are small an average of 11,000 people tune in every day to the webcast of "The Young Turks," with an estimated 100,000 more listening in on the radio or through audio podcasts, according to the show. But the program has already entered the political zeitgeist, drawing the kind of guests usually found on the broadcast networks' Sunday talk shows. Rep. Henry Waxman (D-Los Angeles), Rep. Louise M. Slaughter (D-N.Y.) and former Rep. Bob Barr (R-Ga.) have all appeared recently, along with environmentalist Laurie David, Adam Green of MoveOn.org and a host of journalists from the New York Times, Newsweek and the Nation. Pike, who does all the booking, says she used to have to "twist arms" to persuade politicians to come on the program. Now, congressional candidates from around the country regularly call and ask to be interviewed. "Sometimes we look at guests on 'Scarborough' " MSNBC's "Scarborough Country" "and say, 'I think we've out-guested them today,' " says the 38-year-old Mankiewicz. Rep. Tim Ryan, a 32-year-old Democrat from Ohio, says he's been explaining the concept of "The Young Turks" webcast to his older colleagues and urging them to get on the show. "This is going to be the equivalent of the talk radio boom of the early '90s," Ryan says. "For us in the progressive movement, being on the cutting edge of this next medium is going to be a real benefit." \* A forerunner "THE Young Turks" wasn't conceived as a new communications tool for the left. In 1995, Uygur, then a bored attorney in Washington, D.C., started a program on public access television called "The Young Turk" as a forum for his sharp opinions. The show, which aired for two years, was decidedly low-tech: It consisted of Uygur sitting in a chair next to an ugly plant. Nevertheless, he gained a cult following around the capital. Radio and television hosting gigs soon followed, and he quit practicing law. Seven years later, he and Mankiewicz who had worked together on a show in Miami pitched the idea of a left-wing political radio program to

the fledgling Sirius Satellite Radio network. "The Young Turks" premiered on Sirius in February 2002, and soon afterward, Uygur invited Pike, whom he met working on a television pilot, to join the show. In the early days, they taped several programs back to back in Uygur's West Hollywood home, a "dank, dinky little apartment," 25-year-old Pike recalls. After about a year, they moved to a small studio on Wilshire Boulevard and the show began broadcasting live. Last April, "The Young Turks" decided to take the program national. It was picked up by local stations in Wichita, Pittsburgh and Seattle and continued to run on Sirius. But fans of the show, who view it as one of the only outlets for liberal discussion on the dial, urged the hosts to try to get onto television as well. "There's just a huge audience out there that's not being served," says Wendy Foster Dickson, a stay-at-home mother of three in a St. Louis suburb, who started a letter-writing campaign to cable networks on behalf of "The Young Turks" on her website CommonSenseMom.com. Her efforts generated a few phone calls from curious cable executives, but discussions never got off the ground. Uygur then suggested the idea of an online show. "I'm not a real tech guy; I still don't have an iPod," he says. "But I can see where things are going." Together, the Turks raised \$500,000 enough to buy equipment, rent the studio space and pay the staff for a year. The idea: to create a broadcast-quality program available simultaneously on the radio and online. "This was not one of those 'Hey, let me put up a webcam in my room,' " Uygur says. Since December, viewers have been able to watch the show live on the website from 3 to 6 p.m. PST, a feed that is also available simultaneously on Sirius. For \$10 a month, members have access to archives and extra segments on the website. The webcast did not get off to an auspicious start the overloaded server crashed on the first day. Since then, the staff has worked out many of the technical kinks, but the program still has the feel of a low-budget radio show. The three co-hosts sit around a dark wood conference table wearing unwieldy headsets, speaking into large microphones that block much of their faces. The rest of the sparse set consists of a bookcase and a television screen with a brightly colored "The Young Turks" logo. Pike spends most of the show staring at a laptop, a venti Starbucks cup propped up on the table in front of her as she chats online with viewers. She and her co-hosts banter like siblings, riffing on everything from Jessica Simpson's divorce to the administration's stance on the war in Iraq. The Democratic establishment comes in for a large share of abuse, as well, as they sarcastically deride the party's leadership. "Sometimes we may seem a little rough around the edges, but I don't think we ever seem canned," Mankiewicz says. "There is a genuine quality I think that will enable us to break through." Of course, what it means to break through in the crowded world of Internet programming remains to be seen. "The challenge is that it is difficult to cut through the din," Greenwald says. Uygur says he doesn't hold out hope that a program like "The Young Turks" could ever go head to head with a broadcast or cable show. Rather, he says, "I think the Internet is going to be seen as a talent pool. In the past, you had to tour the country's comedy clubs or watch local news tapes. Now, you can look online to see what has already worked in a really, really tough environment. On the Internet you don't start with a lead-in of 'CSI.' You start with a lead-in of zero flat zero." Despite that, "The Young Turks" generated substantial buzz in the blogosphere in January when the show streamed live for

99 hours straight as the hosts urged the Democrats to filibuster Samuel A. Alito Jr.'s nomination to the Supreme Court. They were bolstered by other liberal talk show hosts like Air America's Thom Hartmann and John Amatos of the website Crooks and Liars, who pitched in for stints so they could get some sleep. When a peak of 25,000 viewers tuned in, crashing the server, other websites donated server space to keep the show online. After that, Uygur says, he began to truly grasp freedom afforded by a technology that comes with no time limits or content restrictions. In February, "The Young Turks" was one of the only U.S. media outlets to show viewers new photos of American soldiers mistreating detainees at Abu Ghraib prison in 2003 that had been obtained by Australian television. Next, they're thinking about offering news updates throughout the day and shooting their own stories outside of the studio. "This is wide open," Uygur says. "We can do anything we dream of." ===== George Antunes, Political Science Dept University of Houston; Houston, TX 77204 Voice: 713-743-3923 Fax: 713-743-3927 antunes at uh dot edu Reply with a "Thank you" if you liked this post.

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<http://www.latimes.com/technology/la-fi-sirius18mar18,1,3621805.story?coll=la-headlines-technology>  
Sirius to Pay for Copies by Users The satellite radio firm agrees to compensate Universal Music for songs recorded by customers. The accord may serve as a template. By Charles Duhigg LA Times Staff Writer March 18, 2006 Sirius Satellite Radio Inc. and Universal Music Group said Friday that they had settled their dispute over a portable satellite receiver that can also make pristine copies of digital broadcasts. The deal resolves a dispute over the Sirius S50 radio, which allows users to record as many as 50 hours of music and play individual songs. The controversial device and similar products offered by Sirius competitor XM Satellite Radio Holdings Inc. had caused a rift between the satellite radio companies and the music industry. The agreement may serve as a template for discussions between Sirius and other labels and between Universal Music and XM. Sources said Sirius would pay Universal Music an undisclosed amount and would limit the number of S50 devices manufactured. XM and, until recently, Sirius had argued that they should not have to pay to let users record songs from radio transmissions. Music labels countered that listeners should pay because saved tracks decrease demand for purchased songs. Music executives have pointed out that users of Apple Computer Inc.'s iTunes must pay 99 cents a song, a significant portion of which goes to the music label. Labels receive only fractions of a cent for a song played by a satellite radio channel. At an industry conference last month, Universal Music executive Larry Kenswil called devices such as the S50 "cannibalization machines." Pressure to resolve the issue has been growing. The Recording Industry Assn. of America has asked Congress to address the topic, and the music companies have refused to renew agreements giving XM and Sirius the rights to air songs until limits on recording are established. Sirius and XM have also been in negotiations with the National Music Publishers' Assn. over compensation for the composition rights of songs delivered to satellite devices. Universal, the nation's largest music company, has been first to establish agreements on other

controversial digital issues. Last April, America Online agreed to begin paying for access to Universal Music's music videos, upending a previous custom that provided them for free.

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Associated Press Posted March 19 2006, 12:37 PM EST MIAMI -- Pilots coming and going from Miami International Airport are getting an earful of something unexpected: Hip-hop tunes from a pirate radio station. The music comes on a pair of frequencies from a station that calls itself Da Streetz. Authorities traced the signals to a large radio antenna on tower mounted on a nearby warehouse in a Miami suburb, but did not find a radio transmitter or disc jockey. And Da Streetz remains on the air, interfering at times with communications between pilots and the control tower. ``It's intermittent. Not all day, everyday," said Kathleen Bergen, a Federal Aviation Administration spokeswoman. ``But clear communication between air control and the pilots is a critical part of flying." The Federal Communications Commission and Florida Department of Law Enforcement are helping in the investigation. The FAA said it has conducted about 30 similar investigations into pirate stations interfering with airport transmissions in the past decade. A Florida anti-piracy law went into effect a year ago that makes it a third degree felony for anyone caught sending transmissions that interfere with signals from licensed public or commercial stations, or broadcasting without a license. At the warehouse, state agent Joseph Zeller confiscated three computers, a monitor, a mixing board, a stereo compressor, microphone, a two-deck CD player, a telephone, a DSL modem, two stereo speakers and 10 cases filled with CDs. Authorities said the owner of the warehouse had no idea the building was being used by an illegal radio station. Reply with a "Thank you" if you liked this post. \_\_\_\_\_ MEDIANEWS mailing list

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By MAY WONG AP Technology Writer SAN JOSE, Calif. (AP) -- As expected, hackers have found a way to run Microsoft Corp.'s Windows XP operating system on new Macintosh computers, winning an ad hoc contest and a \$13,854 cash prize to boot. Or, make that dual-boot \_ the way to make a computer switch between two operating systems. Some users of Apple Computer Inc.'s Macs have clamored for such a solution since Apple said it would be switching its computers to Intel Corp.'s chips, putting the feat within reach. Their reasons vary, but a common denominator is that they would like to run Windows-based programs on their Macs. Colin Nederkoorn, a shipping broker in Houston, says he just wants to streamline his work: instead of using his Apple PowerBook computer for some programs and a Windows PC for other tasks, he'd like to just use one machine. That's why Nederkoorn, 23, started a contest back in January to goad programmers, soliciting donations for a cash prize for anyone who came up with a hack. Late Thursday, the prize went to two San Francisco Bay Area software developers, Jesus Lopez, 33, of Alameda, and Eric Wasserman, 41, of Berkeley. ... - <http://finance.lycos.com/home/news/story.asp?>

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By GREG BLUESTEIN Associated Press Writer MILLEDGEVILLE, Ga. (AP) -- The campus of Georgia College & State University boasts traditional college fare \_ spacious greens, historic architecture and a steady stream of students with the familiar white headphones of iPods dangling from their ears. But here in the antebellum capital of Georgia, students listening to iPods might just as well be studying for calculus class as rocking out to Coldplay \_ after the school's educators worked to find more strategic uses for the popular digital music and video players. At least 100 of the rural school's employees are turning iPods into education or research tools \_ impressive for a college with only about 300 faculty. But it's more than simply making class lectures available \_ a practice now routine at many colleges and even a few high schools. History professor Deborah Vess asks students to download 39 films to their video-capable iPods so she doesn't have to spend class time screening the movies. Psychology professor Noland White has found a new-age answer to office hours: a podcast of the week's most asked questions. And the 5,500-student campus has organized a group of staff and faculty to conjure up other uses for the technology. Called the iDreamers, the team bats around ideas that could turn iPods into portable yearbooks and replace campus brochures with podcasts. ... - [http://finance.lycos.com/home/news/story.asp?](http://finance.lycos.com/home/news/story.asp?story=56815501)

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NEW YORK - "South Park" has declared war on Scientology. Matt Stone and Trey Parker, creators of the animated satire, are digging in against the celebrity-endorsed religion after a controversial episode mocking outspoken Scientologist Tom Cruise was yanked abruptly from the schedule Wednesday — with Internet rumors it was covert warfare by Cruise that led to its departure. "So, Scientology, you may have won THIS battle, but the million-year war for earth has just begun!" the "South Park" creators said in a statement Friday in Daily Variety. "Temporarily anozinizing our episode will NOT stop us from keeping Thetans forever trapped in your pitiful man-bodies... You have obsructed us for now, but your feeble bid to save humanity will fail!" Internet bloggers accused Cruise of threatening to not promote "Mission Impossible 3," a surefire summer blockbuster, if the offending episode ran. Comedy Central is owned by Viacom, as is Paramount, which is putting out "MI:3." But Cruise's representative, Arnold Robinson, told The Associated Press Friday that the mega-star made no such demands. "Not true," Robinson said. "I can tell you that he never said that." A call by The Associated Press to a Paramount representative was not returned Friday. The episode in question, "Trapped in the Closet," which first aired last November, shows Scientology leaders hailing Stan, one of the show's four devilish fourth graders, as a savior. A cartoon Cruise locks himself in a closet and won't come out. An animated John Travolta, another famous Scientologist, enters the closet to try to get him out. In another dig at the famously secretive religion, the

credits at show's end are filled with names like "John Smith" and "Jane Smith." The battle began in earnest earlier this week when Isaac Hayes, another celebrity Scientologist and longtime show member — voicing the ladies' man Chef — quit the show, saying he could no longer tolerate its religious "intolerance and bigotry." Stone and Parker didn't buy that either. On Monday, Stone told The Associated Press, "This is 100 percent having to do with his faith in Scientology...He has no problem — and he's cashed plenty of checks — with our show making fun of Christians." A Comedy Central spokesman said Friday that the network pulled the controversial episode to make room for two shows featuring Hayes. "In light of the events of earlier this week, we wanted to give Chef an appropriate tribute by airing two episodes he is most known for," the spokesman said. Reply with a "Thank you" if you liked this post.

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By LAURENCE FROST AP Business Writer PARIS (AP) -- Apple Computer Inc. faces a serious challenge in France, where lawmakers have moved to sever the umbilical cord between its iPod player and iTunes online music store \_ threatening its lucrative hold on both markets. Amendments to an online copyright bill, adopted early Friday, would give rivals access to the hitherto-exclusive file formats at the heart of Apple's music business model as well as Sony Corp.'s Walkman players and Connect store. Thanks to the massive success of the iPod models, which account for two out of every three music players sold worldwide, iTunes has also become the global leader in online music sales. The iPod is currently designed not to play music from other commercial music services. According to the latest amendments, however, copy-protection technologies like Apple's exclusive FairPlay format and Sony's ATRAC3 "must not result in the prevention of the effective application of interoperability." Companies would have to share all "information essential to the interoperability" of their copy-protection formats with any rival that requests it. If they refuse, a judge can order its delivery, on pain of fines. The draft law could force Apple to let French iPod users buy their music from download sites other than iTunes. Owners of other music players would also be allowed to buy songs from iTunes France. ... -

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<http://www.2theadvocate.com/columnists/atticsalt/2488746.html> An editor who was a Coast Guard radioman handed me a copy of a wire story about the Morse Code. Across the top, he'd written — "dit, dit, dah, dit — dah, dit, dah, dah — dit, dit." The editor's coded message, written in a way discouraged by our instructors at Navy radio school, said "FYI." In the 1960s, radio telegraphy was still taught in military communication schools. It differed from the way Samuel F.B. Morse's code sounded. Modern Morse Code, sent by radio transmitter, is a series of short and long tones. Early Morse Code relied on holes punched in paper or the spaces between clicks generated by electricity passing through an electromagnet. In the Boy Scouts, we learned the code in written form first, a practice frowned upon by serious telegraphers because

it slowed one's deciphering the received code. Code, it was argued, should be regarded as another foreign language. The operator should be able to hear a series of dits and dahs and recognize a word. He shouldn't have to first visualize the code. He should hear it and know the words as though someone were speaking to him in French. When the U.S. military abandoned the Morse Code as outdated and slow, old radiomen wrote letters to the newspapers defending their art. It is true that the code can be "copied" when the radio bands make voice communication unworkable, but not enough people knew the code or could copy it at speed sufficient to make it practical. There was the telephone, after all. And cell phones. And, of course, computers. All of which failed during Hurricane Katrina. Ham radio operators didn't use much code during Katrina, compared to the thousands of messages relayed by voice, but it was there if needed. One of the great ironies of Katrina is that state-of-the-art communications systems, private and ones run by the government, failed. Ham radio operators using relatively inexpensive equipment carried the ball for weeks after the storm. Now, even ham radio may be turning its back on the code or CW (continuous wave). The FCC has been asked to drop the code requirement in ham radio licensing which makes sense. CW isn't used by that many hams, and it keeps young people from applying for radio licenses. Without new blood, it's feared the government will auction off parts of ham bands to commercial interests. But hams fear that if the FCC makes it too easy to get an amateur license amateur radio will go the way of Citizens Band. The code is what attracted me to ham radio. When I get on the air, it is code that I use. I haven't anything urgent to communicate, so the speed of CW is just right. I think there's an argument for keeping the code. Why should everything be easy? Require learning the code, but lower the speed for licensing. Morse Code is part of the romance of radio, a pastime once so accessible to its devotees that many operators built their own transmitters and receivers. Old radios with their softly glowing tubes, homemade antennas and handsome brass telegraph keys are art practiced by ordinary Joes and Janes. The Morse Code was something you could start to learn on a front porch on a rainy afternoon. Last week, when the story on Morse Code ran, men across the country took the occasion to use a language they learned in the service or the Scouts to communicate with kindred spirits. And not in e-mail but by making the sounds themselves or writing out the code. So primitive. So neat. Reply with a "Thank you" if you liked this post.

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March 20, 2006; Page B1 [http://online.wsj.com/article/SB114282253898102708.html?mod=todays\\_us\\_marketplace](http://online.wsj.com/article/SB114282253898102708.html?mod=todays_us_marketplace) Having tried to stop cities from offering cut-rate or free wireless Internet access to their citizens, some large phone and cable companies are now aiming to get into the market themselves. Telecom and cable giants have traditionally been critical of city-sponsored broadband initiatives, questioning their financial viability and, in some cases, even pushing for state laws to bar or restrict them. Now, in an effort to compete with similar initiatives by Google Inc., EarthLink Inc. and others, some of the companies are changing their tune. AT&T Inc., the nation's largest telecom provider, put in a bid March 7 to build a wireless Internet service for Michigan's Washtenaw County with roughly

325,000 residents. Among cable providers, Cox Communications recently teamed up with two companies to offer wireless Internet access in some Arizona cities, and Time Warner Inc.'s Time Warner Cable has signaled interest in Texas. Experts say the companies were forced into the shift in strategy. "It's inevitable that municipal wireless is going to become prevalent in cities large and small," said Craig Settles, author of the book "Fighting the Good Fight for Municipal Wireless." "That can't be ignored. I don't care how much you dislike it as a telco incumbent. You just can't get away from this wave." Cities and small localities across the country have started offering their residents cheap or even free access to the Internet either because their areas aren't reached by regional telecom providers or because the available offerings in their areas are too pricey. More than 50 municipalities around the country have already built such systems, and a similar number are at some stage in the process, including Philadelphia, Chicago, San Francisco and Houston, according to Esme Vos, founder of the Web site [www.muniwireless.com](http://www.muniwireless.com), which tracks such projects nationally. By 2010, ABI Research forecasts a \$1.2 billion market for the wireless technology used in the city systems. Most of the municipal networks use the same wireless technology, Wi-Fi, that provides Internet "hotspots" at coffee shops and airports. Small radio transponders are deployed on public buildings, street lamps, and streetlights, creating a network that consumers can connect to with their laptops almost anywhere in a city. That network itself is connected to the Internet. The cities often charge users around \$15 a month for the service, though cities such as St. Cloud, Fla., are opting for free access. That compares with cable broadband bills that typically run around \$40. DSL services from the large phone companies can run as low as \$15 a month for slower speeds, but speeds closer to cable are roughly \$30. Those economics are a real threat to the large telecom and cable companies, which is why they initially fought hard to stop city-based networks. But the telecom companies' recent regulatory efforts have been unsuccessful. AT&T, for example, lost a battle in the Texas state legislature last year and another last week in Indiana. Last year, of the 14 pieces of legislation the telecom companies backed in states, they scored only one victory, in Nebraska, according to James Baller, a senior principal at the Washington-based Baller Herbst Law Group, which has represented local governments on telecom issues. The telecom providers had scored some successes in the past. Verizon Communications Inc. won passage of a law in Pennsylvania in late 2004 that would prevent cities in the state from offering paid Internet access unless regional telecom providers refused to offer such service. Philadelphia was exempted from the law. Several other states, including Missouri, Nevada, and Tennessee, have laws restricting municipalities from offering telecom services in order to prevent the government from competing with the private sector. As they wage those regulatory battles, the large telecom and cable companies are watching competitors jump in to offer municipal-based Wi-Fi services. EarthLink inked a deal with Philadelphia on March 1 to offer service there by putting radio transponders on 4,000 of the city's street lamps. The service will be about \$10 a month for low-income people, \$20 a month for the general public. The company is bidding in a partnership with Google in San Francisco to offer a service that would be free at slow speeds, and would go for a moderate fee at higher speeds. EarthLink said it has plans to enter many

more cities, and many analysts speculate Google has the same strategy. A number of smaller Internet providers have also entered the fray. The move to enter the municipal market represents a shift for the major players. Many argued that cities were throwing taxpayer money down the drain with these projects because they would never make enough money to recoup the initial investment. Now some of the major telecom and cable companies are ready to lay their own money on the line. AT&T is working with Tropos Networks, a leading provider of the technology needed for municipal wireless networks, and IBM Corp., in Washtenaw County, Michigan. The company would have to offer at least five hours of free service per month at DSL-like speeds, and unlimited free access at slower speeds, city officials say. AT&T, which is also bidding in Michigan's Genesee County, isn't anxious to offer a cut-rate or free service that could siphon off some of its DSL broadband customers, analysts say, but would rather cannibalize its own business than watch someone else snatch it away. If municipal governments are "looking to establish a Wi-Fi network like this, we're certainly willing to work with them, wherever it's a good fit to do so," said AT&T spokesman Jason Hillery. "This isn't something we're actively recommending to customers." For cable providers, there is an upside, analysts say. Cable companies need a quick way to enter the wireless market. They have made some progress through a joint venture with Sprint Nextel Corp. that will allow them to market some wireless services later this year, but municipal networks would open up more opportunities. For example, they could allow their cable broadband customers, for an add-on fee, to keep their Internet connection active outside their home by accessing the city wireless network. For the cable companies, "I think it really comes down to retaining the customer, and making sure if there's going to be a wireless broadband component as part of your portfolio, you can at least charge five or ten bucks incremental per month for it," says Rick Rotondo, director of marketing for the division of Motorola Inc. that provides Wi-Fi equipment used in city networks. Time Warner Inc. made a bid to build out a municipal wireless project in Dublin, Ohio, and is now talking to the city of Corpus Christi, Texas, about becoming a re-seller of wireless Internet services there, a city official said. The city already provides wireless access to public safety personnel but is considering a broader rollout to the public. AT&T has also signaled interest to Corpus Christi, the official said. Comcast Interactive Capital, the venture capital arm of cable provider Comcast Corp., has invested in BelAir Networks, a Canadian company that provides wireless Internet technology for cities. BelAir also developed a product that would allow cable companies to hang radios on their own cable lines, rather than having to pay for access to city light posts and other infrastructure. Comcast has not announced plans to deploy wireless networks in cities. To be sure, both the phone and cable companies say what they have opposed is having to compete with publicly owned or operated services that have access to municipal subsidies or other advantages. They say they have been more open to having local governments facilitate projects by giving out contracts to companies, which is the tack municipalities are increasingly taking. Tempe, Ariz., a city of roughly 160,000 residents, for example, contracted with the Maryland-based Internet provider MobilePro, which in turn partnered with Cox and technology provider Strix Systems, to build a public wireless network. The cable companies deny

that their efforts represent a shift in strategy. "What you're seeing happen here is different than what the industry and Cox has been opposed to historically," said Ivan Johnson, vice president of community relations for Cox's Arizona operations. Large cable and phone companies are still in the early stages of experimentation with municipal networks, and are looking for ways to make it work financially, analysts say. "The jury is still out as to how viable this business will be going forward," said Miles Lee of the telecom consultancy Adventis. "It hasn't been proven yet." =====

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March 20, 2006; Page B4 [http://online.wsj.com/article/SB114282577797602754.html?](http://online.wsj.com/article/SB114282577797602754.html?mod=technology_main_whats_news)

[mod=technology\\_main\\_whats\\_news](http://online.wsj.com/article/SB114282577797602754.html?mod=technology_main_whats_news) A rural phone company in Oklahoma has begun to roll out a new technology that connects its Internet-based television service wirelessly to customers' TV sets. Pioneer Telephone Cooperative, based in Kingfisher, Okla., is one of the first U.S. phone companies to install equipment in homes that transmits television service to TV sets without using cords, in the same way as a wireless router transmits a high-speed Internet signal. If the technology is successful, it could hasten the rollout of TV services by phone companies, which are racing cable operators to offer consumer bundles of telecommunication services. It can take hours for phone companies using Internet technology to wire a home or get it working on existing cable in the house. Wireless technology could shorten the process but it has yet to be tested in a large U.S. market. Ruckus Wireless Inc., based in Mountain View, Calif., will supply the wireless service to Pioneer, which started offering Internet-based television in July. Pioneer has more than 20,000 high-speed-Internet subscribers in 76 towns, and about 5,000 of them subscribe to Internet-based TV. Major phone companies such as AT&T Inc. are just starting to roll out Internet-based television. Meanwhile, smaller carriers, which tend to have a stable customer base and often have higher profit margins than the large companies, have pushed ahead more quickly with new technologies, and many have been offering Internet television for months. AT&T, which has launched its TV to only a handful of customers in San Antonio, isn't offering TV wirelessly. Scott Ulsaker, video-products manager for Pioneer, said the Ruckus technology appeals to his company because it will shave more than two hours off the three-hour installation process in customers' homes. With the wired system, "we do a complete rewire of a home. We climb in attics, we fish the wires into walls," said Mr. Ulsaker. "With the wireless solution you eliminate the wires in the house." Mr. Ulsaker said technicians initially were skeptical of the technology because they assumed it would offer a less stable connection than a wired system. The company tested it in its lab and deployed it in 20 customers' homes and has found it to be reliable, he said. "We've done everything from running treadmills to microwaves to washers and driers to see if we get any ambient noise, but it's been real successful," he said. Selina Lo, president and chief executive of Ruckus, said the technology appeals not only to companies looking to save time on their installations, it also is

attractive to customers who want a more tidy home. "People hate wires," she said. Ruckus is privately held and has raised about \$14 million in two rounds of venture financing from top investors including Sequoia Capital and Sutter Hill Ventures among others. ===== George Antunes, Political Science Dept University of Houston; Houston, TX 77204 Voice: 713-743-3923 Fax: 713-743-3927 antunes at uh dot edu Reply with a "Thank you" if you liked this post.

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[http://online.wsj.com/article/SB114284302988002854.html?mod=asia\\_technology\\_primary\\_hs](http://online.wsj.com/article/SB114284302988002854.html?mod=asia_technology_primary_hs) NEW DELHI -- Dell Inc. plans to double the number of its employees in India to 20,000 in three years, Chairman Michael Dell said Monday, in what appeared to be moves by the world's largest personal computer maker to beef up its presence in one of the world's fastest growing markets. Although most of the new hiring will be made at the company's call centers, there will also be substantial recruitment at its product testing center and a possible manufacturing plant. The Round Rock, Texas-based company currently operates four call centers in India, a product testing center for corporate customers and a global software development center. Some 10,000 people are employed at these facilities. "We will double our staff from the current level over the next three years," Mr. Dell told reporters during a visit to Bangalore, India's technology hub. "There is a fantastic opportunity to attract talent [here]," he said. "We will ensure a major recruitment push in engineering talents." Scores of Western companies have been cutting costs by shifting software development, engineering design and routine office functions to countries such as India, where English-speaking workers are plentiful and wages are low. But Dell's plans don't appear to be limited to cost cutting, analysts said. They said Dell appears intent on increasing its share in India's fast-growing market for computers. The company is also looking to set up a manufacturing center in India, a move that could help boost the sale of Dell computers here. "We have been in discussions with a number of state governments in terms of infrastructure and logistics. We are yet to make a decision on the location of the plant," Mr. Dell said. He declined to give any timeframe for a decision. "India is a market in its own right. A [manufacturing] facility like this will help Dell to be close to its customers not just in India, but South Asia," said James McGregor, a Beijing-based economic analyst who monitors issues in India and China. Earlier this year, on a trip to New Delhi, Dell Chief Executive Officer Kevin Rollins said his company's expansion plans in India weren't limited to tapping talent, but that it also wanted to benefit from India's growing demand for computers. Dell accounts for less than 4% of the four million computers sold annually in India, whereas the company's share in the global market is about 18%, he said. Taxes levied by the Indian government on computers and computer parts are a major factor, resulting in higher prices for Dell products and sluggish sales. The Indian government imposes higher import taxes on fully assembled computers than computer parts, and Dell currently ships complete computer sets to India. A domestic manufacturing facility would help the company avoid some taxes and boost its presence in India, where computer sales are expected to increase to 10 million annually over the next three to five years.

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cat=TOPBIZ&src=202&feed=bus&section=news&news\\_id=bus-  
wen3005&date=20060320&alias=/alias/money/cm/nw](http://finance.myway.com/jsp/nw/nwdt_rt_top.jsp?cat=TOPBIZ&src=202&feed=bus&section=news&news_id=bus-wen3005&date=20060320&alias=/alias/money/cm/nw) NEW YORK (Reuters) - Sirius Satellite Radio  
Inc. (SIRI) on Monday said it recently surpassed 4 million subscribers to its nationwide pay radio service.  
Sirius, No. 2 in the nascent market to rival XM Satellite Radio Inc. (XMSR), had previously said it ended  
2005 with 3.3 million subscribers, an increase of 2.2 million, and expects to end 2006 with more than 6  
million subscribers. XM in February said it has more than 6 million subscribers and expects to reach 9  
million by the end of the year. Both services offer continuous sports, talk, and entertainment programming,  
including dozens of commercial-free music stations, all for about \$13 a month. Sirius' news follows its  
announcement on Friday that it reached a deal with music companies Warner Music Group Corp. (WMG)  
and Vivendi Universal SA's Universal Music Group to allow their songs to be played on a new radio unit  
that can store songs for future playback. Under the pact, Sirius will pay a fee for each unit of its new S50  
radio device that it sells, according to officials from the three companies. Shares of Sirius rose 31 cents, or  
6.3 percent, \$5.20 in early trade on Nasdaq. XM shares rose 42 cents, or 2 percent, to \$21.16.

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dyn/content/article/2006/03/19/AR2006031900771\\_pf.html](http://www.washingtonpost.com/wp-dyn/content/article/2006/03/19/AR2006031900771_pf.html) Internet phone service -- it's a hot idea and  
it has a strong selling point: It's cheap. Hundreds of new companies have cropped up to sell the service in  
the past few years, and venture capitalists are pouring hundreds of millions of dollars into the industry. All  
that was appealing enough to entice former America Online Inc. executive Lisa Hook out of early  
retirement and into the job she started last week as chief executive of SunRocket Inc., a two-year-old  
Vienna firm offering phone service over the Internet. And the prospects sound promising, except for one  
word creeping into the vocabulary -- bundling. That's the term describing the way communication services  
are expected to be sold in the future. Rather than buying cable from one company, long-distance phone  
service from another and Internet access from a third, customers are increasingly able to buy all three  
from a single provider. Many analysts say large telecom and cable companies that already have  
relationships with huge groups of customers -- companies such as Verizon Communications Inc. and  
Comcast Corp. -- have a big advantage in the market. That doesn't scare off Hook and SunRocket's  
investors, who are betting that if the firm acts quickly to build a loyal base of customers, it will be able to

survive the pressures of bundling. The companies springing up to sell Internet phone services are reminiscent of the hundreds of dial-up Internet firms that emerged in the late 1990s with hopes of becoming kings of the industry -- or at least growing big enough to fetch a decent price in a sale. Of course, most of those companies simply fizzled as a handful of giants came to dominate the market and broadband superseded dial-up service. Analysts say companies like SunRocket that offer only Internet phone service -- and there are at least 1,100 of them according to Sandvine Inc., an Ontario firm that sells equipment to broadband companies-- may face a similar fate. "Over time, this type of service is likely to be absorbed by the larger vendors," said Bern Elliot, an analyst at Gartner Inc. who studies the telecom market. But Hook, who made a name for herself as an executive skilled at marketing new technologies to consumers, is betting there is room for both. "We're at the very front end of this market," she said last week. "We can be one of a handful of new brands that are winners in this category." At AOL, Hook, now 48, led the company's broadband division, which went from 300,000 subscribers to 5 million in two years. Before her four-year stint at AOL, she was a partner at a private equity firm focused on the telecom and media industries. "We were looking for an executive with experience in the consumer marketplace," said Joyce Dorris, SunRocket's co-founder. SunRocket has about 80,000 subscribers, making it a leading Internet phone service company in the Washington area. But its success is dwarfed by that of Vonage Holdings Corp., a Holmdel, N.J., firm with 1.5 million business and household Internet phone lines in service. Dorris and Paul Erickson, veterans of the telecom industry who spent more than a decade together at MCI Inc., founded SunRocket in 2004. To get the company off the ground, the two attracted more than \$34 million in venture capital from funds like Baltimore-based Anthem Capital Management and BlueRun Ventures of Menlo Park, Calif. The company has tried to differentiate itself from the pack partly through its pricing, offering a year of local and long-distance service for \$199, or more limited monthly service for about \$10. Hook said she was introduced to SunRocket as a potential board member but agreed to lead the firm after trying the service and meeting with some of its 125 employees. The company's mission now is to snap up new customers willing to trade in their traditional land lines for Internet phone service. It's an effort that does not come cheap -- to build its customer base, rival Vonage spent \$232.4 million in marketing its brand during 2004 and the first three quarters of 2005. That company has raised \$394.5 million in venture funding from investors including Baltimore-based New Enterprise Associates and in February filed to raise as much as \$250 million through an initial public offering. Forrester Research Inc. estimates that about 1.5 million homes are using Internet phone service today, but the number is expected to grow to 12.3 million by 2010. Despite the rapid growth, some analysts say it could be tough for companies like SunRocket and Vonage to compete against brands like Comcast, Verizon and AT&T Inc. with their packages of services. "They're all going to offer that killer bundle, and that's what people are going to buy because the pricing is better," said Jeff Kagan, a telecom analyst. Kagan added that independent Internet phone companies like SunRocket will have a chance to succeed, "just in a smaller universe" than previously perceived. Hook believes that universe will be large enough to build a thriving

company. "Obviously there will be people who choose buy their services in bundles, but there have always been people who will purchase best-in-class service from stand-alone providers as well," Hook said. "I'm voting with my feet by climbing out of my swimming pool and coming to SunRocket."

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Sunday, March 19, 2006; Fo7 [http://www.washingtonpost.com/wp-dyn/content/article/2006/03/18/AR2006031800198\\_pf.html](http://www.washingtonpost.com/wp-dyn/content/article/2006/03/18/AR2006031800198_pf.html) Back in the early days of the personal computer, when we mostly worked with document and spreadsheet files, the sound system didn't matter much. Today, with digital music and video games dominating much of the PC's work, the quality of the sound has become much more important. For many, the sound card that comes built into the PC is sufficient for casual listening. Hard-core gamers and music aficionados know that an add-on product -- notably one of the sound-enhancement products from the Sound Blaster family by Creative Technology Ltd. ( <http://www.creative.com/> ) -- will do wonders with a bit of an investment. Creative's latest addition -- the X-Fi -- is a sound card that promises rich and crisp audio, and it delivers. It comes in four versions, ranging from \$130 for a basic card to \$400 for a robust music-creation suite with plenty of input and output capabilities. We compared the least-expensive X-Fi to Intel's High Definition Audio circuitry, which is built into many new PCs and is, in itself, a huge improvement on the rather tiny, hiccup-prone built-in audio that's found on most existing PCs. The X-Fi easily surpassed Intel's latest and greatest built-in sound hardware by producing startlingly rich and clear audio from CDs and MP3s. It also delivered much more detailed surround sound in DVDs and games, even when heard through inexpensive 5.1 surround sound speakers. It delivers simulated surround sound through conventional stereo headphones that sounds better than the processed surround effects on any other card we've heard, even through low-end headphones. This surround effect sounds even sharper and more defined on higher-end headphones, with the sound seeming to originate from farther away in space. The results are striking in games, where the surround-sound effect is so detailed that players in some games can locate an unseen opponent by sound alone. Even Intel's best built-in audio lacks the X-Fi's precision. Sound effects on the Intel card can be murky at times, and human voices come across as somewhat artificial in comparison with the more natural sound of the X-Fi. The X-Fi's extra clarity opens up a world of sounds that are not even audible using built-in sound, substantially improving the sense of immersion in the game environment. Dozens of moving sounds in a game can become a cacophony on built-in sound, but the X-Fi keeps each sound reasonably distinct and makes it easier to focus on the important ones. This clear, rich surround sound also enlivens DVD audio with stunning detail that appears to emerge from different locations in space. It supports home theater formats such as THX, Dolby Digital EX and DTS-ES (but not Dolby Digital Live)

and improves even further when used with a 7.1 surround-sound system instead of 5.1. Another thing to remember about basic sound cards is that they sometimes require extra work from the computer's main processor and sometimes can create slowdowns or stutters in the graphics. For DVD watching, that's usually not a problem because the PC is rarely doing anything other than playing the movie. But if the computer is playing a game, the slowdowns become quite a problem. X-Fi not only fixed the audio glitches but smoothed over some graphics stutters, as well -- though the improvements were more obvious on low-end and mid-range PCs. The higher-end PCs marketed to gamers tend to come with upgraded components to address those issues. For music playback using the X-Fi, individual instruments were easier to distinguish and quiet sections were noticeably quieter. Subjective listening tests did not confirm Creative's claim that MP3s sound better than the original CD, but high-quality MP3s sounded almost indistinguishable from CDs, and even highly compressed MP3s sounded clearer when played through the X-Fi instead of the standard audio. The X-Fi comes with a host of tools for audio creation and playback, including a switcher to optimize the hardware for games, entertainment and audio creation. However, the least expensive version, the \$130 X-Fi XtremeMusic, lacks some common digital outputs. The \$200 Sound Blaster X-Fi Platinum adds a host of plugs to the front panel of the PC, including those missing on the base card. The panel also makes it easy for podcasters and musicians to use higher-quality microphones. The high-end Elite Pro is targeted more at musicians who are looking for a professional recording tool at an amateur's price. The X-Fi must be installed inside the PC's case, but the installation was fast and relatively painless. Unlike many other sound cards, the X-Fi does not add a FireWire connection. The biggest downside is the relatively high price of the enhanced cards. But if you're a sound snob, the quality you'll get for your money makes the X-Fi more than worth the price.

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02:00 AM Mar, 20, 2006 EST <http://www.wired.com/news/technology/1,70439-0.html> LAS VEGAS -- Digital cinema developers descended here last week to convince theater owners that the future of their industry has finally arrived. But, after years of failed promises, newfangled confections like dark-chocolate Raisinets appeared to get a better hearing (two thumbs up.) "Ten years ago, they said within five years, the country will be all digital," says Bill Noyes, vice president of Lighting Images Technology, a California company that makes and refurbishes traditional celluloid film projectors. "We think it will take a long time to change over the 36,000 theaters in the U.S. to digital." The ritual of false starts has played out for the better part of a decade here at ShoWest, the annual convention that brings together the country's popcorn purveyors to look at forthcoming movies, schmooze with the studio executives and sample new kinds of faux-butter toppings and chocolate-y treats. Since the late 1990s, technology companies like Texas

Instruments, QuVis and Avica Technology have also made the trek, seeking to convince theater owners that the shift to digital projection and transmission of movies was just around the corner. Boosters acknowledge they have themselves to blame for some of the skepticism. The first major digital showings of studio releases happened in 1999, with George Lucas' Star Wars: Episode I and Disney's Tarzan, but a studio-approved blueprint for how digital cinema should work -- including anti-piracy measures -- wasn't released until last summer. In the intervening years, the digital zealots at ShoWest have gotten a reputation for crying wolf. But this year is different, they insist, thanks to recently approved technical standards and the first faint signs of a tipping point. "What we've learned from the past few years is you can't make a market (for digital cinema equipment) materialize out of thin air," says George Scheckel, vice president of digital cinema at QuVis, a Topeka, Kansas, company that makes servers that feed digital movies to projectors. "You had the biggest companies in the world spending millions to make this happen. But I firmly believe that now, we're at the beginning of the road." Digital cinema promises to slash distribution costs associated with shipping heavy tins of 35-mm prints to thousands of theaters worldwide. That will give cinema owners new choices and flexibility in booking movies and other kinds of entertainment content, like live concerts or sporting events. But cinema owners still worry that the digital equipment might require constant upgrades, be more complicated to operate, or break down more often than what they've got in their projection booths today. The digital projectors that have seen the most real-world action are those with a screen resolution of 2K (or 2000 pixels horizontally). Now, Sony is demonstrating its higher-resolution 4K projector at ShoWest, prompting some theater owners to wonder whether it might be smarter to wait another year or two before taking the digital plunge. Jack Kline, president of Christie Digital, which sells both 35-millimeter film projectors and 2K digital projectors, says the digital cinema rollout is well underway. Christie is also involved with a joint venture called Christie/AIX, which manages a network of 200 digital screens in the United States. "Our beta systems were done years ago, and our plan is now all about execution," Kline says.

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02:00 AM Mar, 20, 2006 EST <http://www.wired.com/news/technology/1,70430-0.html> Researchers hoping to ease America's oil addiction are turning sawdust and wood chips into bio-oil, a thick black liquid that could become a green substitute for many petroleum products. Bio-oil can be made from almost any organic material, including agricultural and forest waste like corn stalks and scraps of bark. Converting the raw biomass into bio-oil yields a product that is easy to transport and can be processed into higher-value fuels and chemicals. "It is technically feasible to use biomass for the production of all the materials that we currently produce from petroleum," said professor Robert C. Brown, director of the Office of

Biorenewables Programs at Iowa State University. The United States can grow enough fresh biomass -- more than a billion tons each year -- to supplant at least a third of its annual petroleum use, according to an April 2005 study by the U.S. departments of Agriculture and Energy. Brown advocates turning much of that biomass -- including scrap materials currently used in power generation -- into bio-oil to ease America's dependence on foreign oil and help slow global warming. The biomass is converted into bio-oil through a process called pyrolysis, in which the organic scrap materials are finely ground and heated at 400 to 500 degrees Celsius, without oxygen. In just two seconds, about 70 percent of the material vaporizes and is condensed into bio-oil -- a dark liquid resembling espresso that contains more than a hundred organic compounds. Pyrolysis also produces a gas, which is burned to fuel the process, and carbon-rich soot called "char," which can be burned as fuel, used as a soil fertilizer or processed into charcoal filters or briquettes. Researchers at the University of Western Ontario developed bio-oil as a petroleum alternative in the early 1980s. Two of the scientists, Barry Freel and Robert Graham, founded the Delaware company Ensyn in order to produce commercial products. "Back then, there was not much interest in renewable energy," said David C. Boulard, Ensyn's executive vice president. So the company focused on producing chemicals rather than fuels, and found success with food flavorings -- especially "liquid smoke." Beyond making food taste better, the company now uses its patented core technology, Rapid Thermal Processing, to produce bio-oil that can be used as fuel. In addition, resins utilized in the manufacture of plywood and particleboard can be extracted from the bio-oil. And Boulard said he sees the potential for more applications. "I believe that we're just at the tip of the iceberg," he said, citing nutritional supplements and pharmaceuticals as possible product categories. Ensyn plans to open its seventh and largest bio-oil refinery this summer. Meanwhile, Canadian firm DynaMotive is producing bio-oil fuels that are becoming economically competitive given today's high petroleum prices. In its raw form, DynaMotive's bio-oil can substitute for light petroleum fuel oil for use in power-generating turbines. DynaMotive is also aiming to produce automotive fuel, which requires a bit more work. Though it competes with petroleum crude, bio-oil is very different chemically. Instead of oxygen-free hydrocarbons, it contains oxygen-rich substances. But bio-oil can be converted into a mixture of carbon monoxide and hydrogen known as "syngas." And syngas can, in turn, be processed into a high-grade hydrocarbon fuel, such as automotive diesel. Alternatively, the syngas can be combined with steam to produce pure hydrogen. In fact, Iowa State's Brown believes that bio-oil gasification may be the most efficient means of producing large quantities of hydrogen, should the element ever catch on as a major energy source. DynaMotive is bullish on the syngas route because the technology and infrastructure are well-established. Germany used gasification to convert coal into synthetic diesel fuel during World War II. And South Africa used synthetic fuels as a substitute for petroleum imports during Apartheid-era economic sanctions. Today, gasification is seen as a way to reduce pollution from coal, because the process removes much of the carbon dioxide and other pollutants, such as sulfur. Last September, DynaMotive announced that researchers in Germany had succeeded in converting its bio-oil into synthetic gasoline using existing

gasification facilities. DynaMotive aims to harness growing concern over climate change into a market for its bio-oil. For instance, a European Union directive (.pdf) requires 5.75 percent of automotive fuel in member states to come from biological sources by the end of 2010 and sets higher quotas for subsequent years. And some argue that bio-oil could be better than petroleum. "Comparing the performance of synthetic diesel with conventional diesel -- the results are equal or better," said DynaMotive CEO Andrew Kingston. ===== George Antunes Voice (713) 743-3923 Associate Professor Fax (713) 743-3927 Political Science Internet: antunes at uh dot edu University of Houston Houston, TX 77204-3011 Reply with a "Thank you" if you liked this post.

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02:00 AM Mar, 20, 2006 EST <http://www.wired.com/news/technology/1,70378-0.html> A California library has created an online audio time machine by archiving some of the oldest sounds ever recorded. A few mouse clicks give way to the jubilant sounds of Billy Murray singing "Alexander's Ragtime Band" or Ada Jones warbling "Whistle and I'll Wait for You." Some pieces, like "Negro Recollections," serve as reminders of America's deeply racist past. Curators at the University of California at Santa Barbara's Donald C. Davidson Library have digitized 6,000 late 19th-century and early 20th-century wax and plastic cylinder recordings -- precursors to the flat record. The audio, which includes ragtime hits, vaudeville routines and presidential speeches, encapsulates history with crackles and hisses, but archivists say preserving the sounds now is vital because the cylinders are deteriorating. "The major record companies have been neglecting this aspect of music for the better part of 90 years," said David Seubert, director of the Cylinder Preservation and Digitization Project. Since the site went up in November, audiophiles have downloaded 700,000 recordings, much to Seubert's surprise. The collection excites audio experts and cylinder fans, who now have free access to the works anytime, anywhere. People are burning them onto CDs, using them on internet radio stations and possibly remixing them, he said. All recordings on the site are in the public domain, Seubert said, and cleaned-up MP3 versions hold a Creative Commons license. In the cylinder's heyday, people would slip a nickel in an arcade machine to listen to a song, said Mark Ballora, a music technology assistant professor at Penn State University. "Essentially, we've got one of these arcades again, but it doesn't cost us a nickel as long as we have a computer," he said. "And they probably didn't have 6,000 available in these old arcades; there were probably a few dozen." But creating quality digital copies of cylinder recordings wasn't possible until recently, said Noah Pollaczek, a UCSB library audio technician. In the past, technicians had to play the cylinders on phonographs, and cylinders running at different speeds each required a different phonograph. Users wound them up, and a needle hit the cylinder's recorded grooves, amplifying the music through a horn. Holding a microphone up to the horn didn't make a high-quality recording. So a few years ago, French cylinder collector Henri Chamoux invented the Archeophone, which can play cylinders of various sizes and speeds and transfer the sound to a computer through a patch bay. The Archeophone encodes cylinder music as scratchy-sounding WAV

files that users can stream or download as original recordings or cleaned-up MP3 versions. Peter Dilg collects cylinders and runs Baldwin, New York-based Wizard Record Company, which creates new cylinder recordings. He's thrilled about the project. "Our American culture is on those records," he said. "Not just our culture, but other cultures. It's the very beginning of home entertainment, as far as music in somebody's living room." Link: <http://cylinders.library.ucsb.edu/index.php>

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02:00 AM Mar, 17, 2006 EST <http://www.wired.com/news/technology/1,70267-0.html> Critics of overhead imagery services like Google Earth and Microsoft Virtual Earth generally fall into two categories: government agencies who say the services show too much, and users who lament they can't see more. As the next generation of commercial imaging satellites moves closer to launch, the first camp may be out of luck. Forthcoming features such as enhanced zoom capabilities, higher-resolution views and faster updates of stock imagery will reveal far more detail of Earth's surface than anything visible on a computer screen today. While satellite imagery won't be real-time, or capable of distinguishing individuals, it will be good enough to pinpoint ground-level details too blurry to identify using today's technology. "We're just starting," said Matthew M. O'Connell, CEO of GeoEye (formerly Orbimage), which plans to launch a satellite in early 2007 that can show images of objects as small as 1.3 feet across. "At that resolution, we can literally count the manhole covers in Manhattan." Just a few years ago, the idea of zooming in from a PC screen to any point on Earth would have seemed like the stuff of fantasy. Now that it's reality, satellite and aerial mapping applications are drawing millions of addicted users. Hardly a week goes by without news of some strange or scandalous finding: Last week amateur astronomer Emilio González of Spain used Google Earth to find what might be a previously unknown impact crater in Chad. Mapping programs rely on an amalgam of footage collected from satellites and airplanes, with the most detailed imagery -- taken by aircraft -- reserved for densely populated places. However, much of that imagery is rather stale, with some footage dating back several years. That, too, is about to change. Collecting up-to-date imagery will become an easier task in the next two years, as satellites cover significantly wider swaths of territory on a daily basis. GeoEye says its next-generation satellite, GeoEye-1, will be capable of acquiring each day approximately 270,000 square miles of imagery, an area about the size of Texas. That's about seven times the area covered by Ikonos, the best imaging satellite the company has running today. DigitalGlobe, the satellite imagery supplier for Google Earth, plans to launch its next orbital, WorldView 1, later this year. The company says it will be capable of collecting up to 193,000 square miles of imagery per day. Next-generation satellites will also revisit locations more frequently. Chuck Herring, spokesman for DigitalGlobe, anticipates that by combining WorldView and existing satellites, the firm will be able to

revisit practically any point on Earth's surface on a daily basis. (Currently, the company revisits about once every three days.) Giving the planet a boost in refresh rate is an ambitious agenda -- keeping up with urban sprawl has proven a losing proposition in the past. In fast-growing regions like Phoenix, imagery even a few months old can look out-of-date. "Even Shanghai doesn't have highly accurate maps," said GeoEye's O'Connell. "And in northern Virginia (where the company is based), it's growing so rapidly that maps have to be updated constantly." Stephen Lawler, general manager of Microsoft's Virtual Earth, plans to feed future iterations of the service more frequent flyover images of construction hot spots. But whatever he does, it'll be hard to beat the dazzled expectations of novice users, who commonly believe they're seeing a Stephensonian rendition of present-day reality. "We get a lot of questions: Is that a real-time picture? Is that car really in my driveway right now?" said Lawler. "People are trying to understand." While public mapping sites are major consumers of satellite images, most demand still comes from governments and private industries for internal use. Federal and local governments use imagery for everything from urban planning to drug enforcement. Although resolution is too low to make out individual plants, satellites can register reflected and emitted electromagnetic energy that can be matched (.pdf) with known drug crops. In a similar vein, farmers use satellite imagery to track their crops. Environmental watchdogs use it to track oil spills, illegal dumping and other natural, man-made or pending disasters. DigitalGlobe's Herring says more uses of imagery will be discovered in years to come. He's optimistic about the prospects in light of the "Google Earth effect": The more people view geo-spatial imagery, the more they incorporate it into how they visualize their surroundings. "People are thinking in a geo-spatial way," he said. "They're not just thinking about where something is on the ground. When you look at a satellite image, you think of that area in a much different way." Microsoft's Lawler envisions deeper integration occurring between online search and geo-spatial imaging. If the two mediums could be combined effectively, it could rectify what he sees as the key shortcoming of text-based search: the impossibility of finding something without the proper words to describe it. Lawler used the example of recommending a restaurant to illustrate how imaging and search could work in tandem. In the hypothetical scenario, Lawler advised an out-of-town visitor to try a Thai restaurant near her hotel. But he could not remember the name or address, only that it had a blue awning. Using current search technology, locating the restaurant would be a cumbersome task. With an imaging application, however, the visitor could click around on an aerial view of the area around her hotel and physically locate the restaurant. "If I can recreate the real world with a digital representation," Lawler said, "you can take out that fuzzy logic and find an answer." Mixing up search, imagery and mapping isn't a new concept. Amazon.com's A9 yellow pages contains snapshots and maps for businesses, searchable by name or location. Google's local search feature also lets users look for locations and see results in a 3-D aerial view. Higher-resolution satellite data will make better applications possible, said Sam Bacharach, director of outreach for the Open Geospatial Consortium. One he'd like to see is walking directions, which would require more detailed data than driving instructions. But there are limits on the resolution of data that can be made public. Currently,

the federal government allows only satellite images at 1.6-foot resolution or coarser to be sold commercially, according to GeoEye. Along with raising resolution, mapping sites are also experimenting with angles. Microsoft, in its attempt to compete against the wildly popular Google Earth, touts a feature showing images of urban areas taken at a 45-degree angle. This enables viewers to see the facades of homes and businesses in addition to roofs. But for satellite imaging data, such details aren't yet an option. O'Connell recalls delivering this disappointing news not long ago to a congressman, who wanted to know if it was possible to see prisoners in North Korean prisoner of war camps using satellites. O'Connell replied: "Congressman, we're flying overhead, so the best you'd see is the top of someone's head."

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[display=Breaking+News](http://www.broadcastingcable.com/article/CA6317167.html?display=Breaking+News) Charter Communications President Neil Smit says he believes some form of à la carte service is coming, so he advises the industry, rather than Washington, to come up with a plan. "Something will happen," he told an audience of cable marketers at a Cable Television Public Affairs Association convention panel session in Washington Monday. He didn't know whether it would come from Washington or the industry, but said he preferred the latter. He pointed to the fact that the industry was getting it from the right and left on the issue of unbundling its service and selling individual channels to consumers, with indecency driving calls from conservatives for more content control, and from liberals calling for more value and choice. David Zaslav, president of NBC Universal Cable, called indecency the "elephant in the room," saying that he was surprised with how aggressive Washington was on the issue. He pointed out that pressure had driven the creation of family tiers on cable, but that they had not satisfied the critics. He agreed with Smit that the industry needed to figure out the next course of action themselves. Time Warner Cable COO Landel Hobbs said that he sure hoped nothing happened on the à la carte front, saying that the result would be less choice and higher prices. Diversity would be driven out he said. He agreed that indecency was behind the push, as did Abbe Raven, President of A&E, who also said that diversity would be "knocked out of the box" in an à la carte world.

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[display=Breaking+News](http://www.broadcastingcable.com/article/CA6317053.html?display=Breaking+News) The Slingbox, an innovative device that takes a viewer's home-television signal

and streams it to the Internet to allow remote viewing on a PC, has come under fire from some broadcasters and programmers for enabling out-of-market viewing of their shows. Those devices scare the hell out of me, said ESPN VP Bryan Burns, speaking at a Washington tech conference last week. But Sling Media CEO Blake Krikorian dismisses such criticism as mostly sabre-rattling. Krikorian isn't afraid to choose his own path. He recalls that when he was seeking funding, venture capitalists advised him not to build a box, but instead partner with a large cable operator to test Slingbox's functionality. Krikorian thought just the opposite. If he made a deal with a cable operator, he suspected, the cable company would require Sling Media to do extensive field trials that would drain it financially. So he forged on with his plan to build his own retail device. Krikorian said he did meet with Comcast executives CEO Brian Roberts and COO Steve Burke just before the Slingbox's launch. They questioned the wisdom of going retail and wondered why he wouldn't partner with them instead. Krikorian replied that Comcast would expect him to do 24 months of field trials, which would bankrupt him. Burke's tongue-in-cheek response: That's absolutely not true. We can make it quickwe'll do it in 18 months.

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3/19/2006 11:36:00 PM <http://www.broadcastingcable.com/article/CA6317005.html?display=Breaking+News>

The Outdoor Channel said Friday it was launching a "call to arms" newspaper ad campaign March 18 to rally viewers behind the channel. Outdoor says it is in response to Time Warner's decision to move the channel to a separate sports tier or drop the channel altogether in some key markets. The campaign is targeted to six markets where Time Warner is making the moves, with Nebraska going first March 18, and campaigns launching Sunday in New York, Texas, Ohio, San Diego, and the Carolinas. In what has almost become a necessity in lobby campaigns, the channel is also launching a web site, [IWantMyOutdoorChannel.com](http://IWantMyOutdoorChannel.com), to keep supporters informed of developments. Maureen Huff, director of corporate communications for Time Warner Cable, would not talk specifics, but confirmed that: "As part of a routine assessment of our channel lineups, we are making changes and they will vary division by division. We are constantly looking to deliver to consumers the most attractive programming packages at the best possible value." She pointed out that viewers will still be able to see similar shows on Outdoor Life Channel and ESPN2.

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By John Eggerton Broadcasting & Cable 3/20/2006

<http://www.broadcastingcable.com/article/CA6317038.html?display=Feature&referral=SUPP> In a single stroke that has television's creative community seething, Federal Communications Commission Chairman Kevin Martin gave notice that his agency will clean up the broadcast airwaves, starting with TV. The relative quiet that had marked his first year in office was shattered last week by a mortar round aimed at the TV industry. The damage from the FCC's latest set of indecency rulings: more than \$4 million in fines, including a record \$3.6 million proposed fine against CBS' Without a Trace for sexual situations not nudity, not language and either fines or findings against 10 stations for airing shows that were indecent or profane. That's more than all the TV shows that have ever been fined for indecency put together. Four shows were ruled indecent and/or profane but were not fined, and dozens of other complaints were rejected. More than anything, the rulings reflect the thinking of the TV industry's new sheriff, Martin. If the ruling released last week wasn't as comprehensive as some had hoped, it underscores the current FCC's strict interpretation however subjective of the laws on the books. As Hollywood tries to decipher the federal government's Byzantine findings, writers and show creators say the document has already begun to chill their appetite for edgier fare. Some stations and networks will appeal. CBS, for one, vowed to aggressively fight the charge for the recent fine and the more famous \$550,000 fine for Janet Jackson's breast-baring dance at the Super Bowl two years ago, and the network will likely go to court to defend itself against such charges. The report, which addresses hundreds of thousands of complaints on programs airing between February 2002 and March 2005, said the cases further refine the FCC's standard. The agency said it hoped to give substantial guidance to TV stations and networks. I share the concerns of the public, and of parents in particular, that are voiced in these complaints, Martin said. With these rulings, his FCC appears to have allied itself with anti-indecency activists. One such group, the American Family Association, has even created an online Thank You note it is urging members to send to Martin. The FCC report stated that the decisions repeatedly demonstrate that we must always look to the context to determine indecency. To critics, it was more of I'll know it when I see it. In TV's capital cities, Los Angeles and New York, TV executives carped that last week's patchwork of rulings confuses, rather than clarifies, what can be seen and heard on TV. The word dickhead, for example, is OK, but bullshit isn't. And broadcasters can no longer hope to compete with cable by bleeping and pixelating their way to edgier fare. In several cases, the FCC proved that no nudity or profanity is necessary if the context of the material is indecent. For example, in Con El Corazón En La Mano, shown on Telemundo Oct. 9, 2004, a man rapes a woman in a public restroom while a second man prevents her from escaping. NBC Telemundo argues the scene is neither explicit nor graphic because no nudity was involved. But the FCC rejects that claim and NBC's secondary claim that the rape scene is analogous to Saving Private Ryan, for which the FCC allowed graphic language, because it was critical to portraying serious incidents realistically. The FCC concluded that NBC had not proved that the explicit rape scene was essential. NBC Telemundo was fined \$32,500, even though it had included a warning about the upcoming scene. Innuendo or even pixelated nudity, as evidenced in a episode of The Surreal Life 2 in 2004, can be considered indecent. The FCC said that the

mere pixelation of sexual organs [which includes breasts, according to the agency] is not necessarily determinative in our analysis. Reality producer Mark Burnett, who's responsible for CBS hit Survivor, says he has decided not to try to push the envelope. Survivor is a family show not on at a late hour, so I need to watch it. This all began with Janet Jackson, he adds, and I've been cutting with that in mind. All the commissioners supported the indecency actions with the exception of Democrat Jonathan Adelstein, who dissented from the language penalties, calling them dangerously off the mark. He defended the Martin Scorsese documentary The Blues: Godfathers and Sons, which included numerous uses of the s-word and f-word, both of which are deemed vulgar and graphic. To critics, the decision seemed at odds with the FCC's previous rulings that f-words in both Saving Private Ryan and Schindler's List were not indecent in context. The FCC tried to cushion the punch with its decision to start giving more weight to community standards. It said it would fine only the stations that had a complaint filed against them, rather than multiplying the fine by the number of stations that carried the broadcast. Although that appeared to cut broadcasters a break and recognized the community-standards element lost in its earlier policy, it may be a distinction without a difference. In a world of mass e-mailings, it is easy enough to drum up complaints against lots of stations. There were complaints against 111 CBS stations over Without a Trace, many generated by a Parents Television Council (PTC) online complaint form. We're just giving voice to hundreds of thousands of viewers whose standards of decency are being violated, says PTC Director of Corporate and Government Affairs Dan Islett. Still to be decided is the FCC's reconsideration of the Golden Globes decision on Bono's f-word that served notice that language was in the FCC's sights, as well as the proposed \$1.18 million fine the previous record against one show targeting Fox's Married By America, for pixelated sexuality. A package of radio indecency actions which are percolating, say several FCC sources will be the next shot in the war on content. Writer/producer Tom Fontana (one of the creators of the gritty Homicide) is amused that the FCC order comes a week before the March 22 debut of his WB series, Bedford Diaries, about a group of students in a human-sexuality class who keep diaries of their sexual experiences. It has always been a fight to do shows that are pushing the envelope, he says. You're trying to find that balance between not being offensive and telling the whole story.

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3/17/2006 10:39:00 AM <http://www.twice.com/article/CA6316835.html> Las Vegas Sony entered the home satellite radio market with XM-ready home components and systems here at its annual dealer event, where the company also expanded its selection of surround systems designed to fit unobtrusively in homes. The unobtrusive surround systems include a big-screen TV stand that incorporates speakers, amplifiers, surround decoders, and virtual surround technology to deliver 5.1-channel surround through

the stands embedded speakers. A second system consists of a pedestal-mount 32-inch LCD HDTV with motorized sliding front panel incorporating DVD player, surround-sound decoders and virtual surround technology to deliver a 5.1-channel soundfield from the panels left-right speakers and from a subwoofer. The two systems will complement a 2.1-speaker virtual-surround Dream System unveiled last year and re-priced this year to \$799 from \$999. The virtual surround systems do not require positioning near side walls to bounce the surround channels to the listening position. In other audio-related developments, the company:

- Entered the high-performance tabletop radio market with a \$179 one-piece AM/FM stereo model.
- Launched a small, single-chassis IEEE 802.11b/g wireless speaker system with two-line display to select and playback music files stored on a remote PC, including files downloaded from Apples iTunes site. It also streams Internet radio stations through the PC. At \$299, it will replace a \$249 Ethernet-connected shelf system, which required a wired Ethernet connection to stream PC music.
- Outlined the surround-sound formats that its first Blu-ray player will support. (see story below)
- Added automatic speaker setup for the first time to its mainstream HiFi series A/V receivers and to home theater systems, which offer the feature in all models in all three series: the performance-oriented Dream Systems, feature-oriented Integrated Systems and component-based systems.
- The company will announce new compressed-music headphone stereos in 60 days and new audio components in its top-end ES series in September.
- In satellite radio, three new A/V receivers priced at \$299, \$399 and \$499 incorporate XMs Connect and Play port, which enables them to control outboard palm-size satellite-tuner/antenna combinations. The ports are also built into two home theater in a box (HTiB) systems in the performance-oriented Dream Systems series at an everyday \$599 and \$899, in one component-based HTiB, in one \$249 minisystem, and in one \$199 microsystem. None of the products features an onboard slot to accept XMs planned Passport tuner, which is the size of a 9-volt battery.

In unobtrusive surround, the company demonstrated the \$1,499 RHT-6200 TV stand, large enough to support a 70-inch plasma TV. For consumers who want big screens but dont have the space for five or more component speakers, the stand incorporates 5.1-channel surround decoder, proprietary virtual-surround technology, amplifiers, multiple speakers and two subwoofers. The other unobtrusive surround system is the TAV-L1, a pedestal-mounted 32-inch LCD HDTV with music and surround-sound audio system integrated in a motorized front panel. The panel incorporates left-right speakers, FM tuner, Dolby Digital and DTS surround decoders, virtual-surround processor and single-disc CD/SACD/DVD player. The panel slides up to cover the entire screen when a CD or SACD music disc is inserted and slides down when a DVD is inserted. A subwoofer is also included. Sony is targeting end of summer or autumn deliveries at a targeted \$4,000. Heres a look at the companys audio plans by product segment:

Component audio: In its five-SKU HiFi series topping out at \$499, Sony is adding XMs Connect and Play port to the \$299, \$399 and \$499 models, adding auto calibration for the first time in the series, and adding portable-audio DSP for the first time to smooth out the lows and highs of compressed-music players connected via front-panel analog input. No one else is doing auto calibration at \$299, said product manager Michael Smith. In another change, select HiFi Series receivers get HDMI inputs for the first time

to perform video switching, but it wasn't certain at press time whether they would accept mandatory multichannel audio streams from a connected Sony Blu-ray player unveiled here. In the HiFi A/V receiver series, video switching via a passive HDMI input and output appears in a \$399 model, requiring HDMI for video and a separate optical input for audio. An HDMI input and output carrying audio and video starts at \$499. Like last year, 6.1-channel surround starts at \$199, and 7.1-channel surround starts at \$299. In speakers, the HiFi audio series got its first on-wall surround-sound speaker system, complementing a high-end \$2,000 ES series on-wall speaker system. The HiFi-series system retails for an everyday \$399. The systems charcoal color matches BRAVIA flat-panel displays. Blu-ray audio: Sonys \$1,000 player will deliver Blu-rays mandatory codecs Dolby Digital 5.1, DTS 5.1 and six-channel 192kHz/ 24-bit uncompressed PCM through the players single-port HDMI 1.1 output and through six analog outputs, the company confirmed. The player, however, doesn't support Blu-rays optional surround codecs, some of which require future HDMI 1.3 outputs not yet ready for production, the company said. Although some companies have considered modifying the HDMI 1.1 spec to deliver some of the optional codecs to outboard decoders, Sony will not go off-standard, said Phil Abram, VP of the home products division. The optional codecs requiring HDMI 1.3 pipes, according to the HDMI Licensing organization, are Dolby TruHD and DTS HD Master Audio lossless formats. HDMI Licensing president Leslie Chard said other optional Blu-ray codecs could be transported over today's HDMI 1.1 inputs and outputs. They are eight-channel 96kHz/24-bit PCM, lossy Dolby Digital Plus and lossy DTS HD. It would not be possible in a compliant way to transport DTS HD Master and Dolby TruHD over HDMI 1.1 and would create interoperability issues if suppliers modified the 1.1 spec on their own, Chard told TWICE. Connecting compliant and noncompliant 1.1 inputs and outputs would yield white noise instead of surround sound, he said. We're not going to authorize that option. The publication of the HDMI 1.3 spec is tentatively set for June, Chard said. It was unclear whether suppliers could legally license HDMI 1.1 technology and modify it but not use the HDMI logo.

Home theater Dream Systems: The selection of performance-oriented HTiBs, all with flat wall-mountable speakers and SACD playback, was scaled back slightly in light of the HTiB markets declining dollar volume. The number of top-end Platinum Dream Systems goes to two from three, as does the mainstream Dream System series. With the change, all Dream Systems for the first time offer HD/up-scaling HDMI output, available on three of six models in last year's selection. New Dream Systems include the \$599 DAV-FX500 with XM-ready port, up-scaling HDMI output, five-disc DVD/SACD changer, black and silver finish to match BRAVIA TVs, and portable-audio enhancer to smooth out the lows and highs in compressed-music portables connected via analog input. The DAV-FX900W at \$899 also features XM port and HD/up-scaling HDMI output but adds wireless-infrared surround speakers, which Sony said delivers superior audio performance to RF wireless speakers. That's due in part because the speakers won't reproduce RF hiss during times when a soundtrack lacks surround-channel information. In the Dream System Platinum tier, the company is reducing the number of models with on-wall main chassis to two from one. Last year, the company offered such a chassis at \$1,499 and

\$1,999 and found the step-up model to sell the best, a spokesman said. Like last year, this years \$1,999 DAV-LF1H tosses all amplification in the subwoofer to deliver a small slim on-wall chassis, which unlike last years models features up-scaling HDMI output. Integrated home theater systems: In light of the HTiB markets shift to lower price points, the company is expanding its feature-oriented Integrated Systems to two from one. The series starts at \$299 for a model with five-disc DVD/SACD changer, auto speaker calibration and portable audio enhancer. Up-scaling HDMI output is available in the series for the first time with the \$399 model. Component-based HTiB: The series now includes an XM-ready model with up-scaling HDMI output at \$499 with five-disc DVD/SACD changer. Shelf systems: The XM-ready minisystem is the \$249 GX-570XM, and the XM-ready microsystem is the \$199 HPR99XM, both at the top end of their respective lines with five-disc changers. In this years selection, the company will continue to offer a DVD microsystem, a category that Sony entered last year, but the price point will drop to \$199 from \$229. The number of microsystems capable of playing CDs encoded with MP3 and Sonys ATRAC-family files grows to two at \$179 for the HPR90 and \$199 for the XM-ready HPR99XM. The microsystem selection remains at five, and minisystems SKUs go to five with the addition of the \$249 price point. Component SACD: The number was trimmed to eight from 11, most with DVD-Video playback, among all Sony series.

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[display=Breaking+News](http://www.broadcastingcable.com/article/CA6317137.html?display=Breaking+News) There was a lot of talk about phones for a cable convention for a cable public affairs association. That was at the Cable Television Public Affairs Association forum in Washington, where some cable operators argued they would pick up more phone customers than the telcos would add video service. For example, John Bickham, President, of Cable and Communications for Cablevision, said that on Long Island, 27% of homes passed take phone service from Cablevision, with the company picking up a point of landline market share a month. He said he was not surprised that the phone companies "are strating to pull thier hair out." Time Warner CEO Landel Hobbs said cable companies were well positioned in telephony, offering the triple play of video, voice and data, and potentially adding wireless service to make it a quadruple play. Hobbs said one advantage for cable is its marketing experience. Phone companies aren't great marketers," he said, "it isn't in their DNA." Verizon spokeswoman Sharon Cohen-Hagar begged to differ. "It think that's a really ridiculous thing to say," she commented during a break from the TeleomNext show in Las Vegas, where the phone companies are talking telco video strategy. "Our marketing is paying off. We have a very localized marketing strategy that we're seeing the dividends of." Of the suggestion that cable will grab more phone company customers that the other way around, Cohen-Hagar pointed to comments by Verizon CEO Ivan Seidenberg that it is a "multi-year plan"

that the company is "on course to make work." Charter President Neil Smit said that while it will take Bell South and AT&T a year to 18 months to get that deal approved, cable will be bundling its service and picking up customers. He also talked of the potential quadruple play by adding wireless to the mix. On the cable end, the execs on the morning CTPAA panel were high on switching, saying that it would ultimately allow cable to offer a lot more channels without as much concern as today about bandwidth constraints. Switching allows a cable system to only provide the bandwidth when a customer actually switches the channel on, so lighter-used channels will not be sucking up bandwidth until the bandwidth is needed. He said two of his 29 divisions are employing switching technology today, and he anticipates 6 to 8 will be doing so by the end of the year. Bickham said Cablevision was to try and grab viewers back from satellite by offering some 60 international channels which via switched technology, though he said it the transition to a switched world would take five or six years.

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By Ted Hearn 3/20/2006 MultiChannel News <http://www.multichannel.com/article/CA6317028.html> In this story: 'UNIFORMITY ISSUES NEUTRALITY ISSUE Washington Republican leaders of the House Energy and Commerce Committee are trying to build political support for a bill opposed by cable that would award national video franchises to phone companies. But lawmakers interviewed about the bill said they were not convinced that handicapping cable in an effort to expedite phone-company entry into cable markets was the right approach. Rep. Marsha Blackburn (R-Tenn.) said she was troubled by a provision that would require an incumbent cable operator to offer uniform prices throughout a franchise area. The provision is designed to stop cable companies from using deep discounts to prevent a phone company from building a subscriber base. 'UNIFORMITY ISSUES Some of the other things were hearing in the bill we have concerns about. Uniformity issues, Blackburn said. Were working through that. Another provision would deny cable relief from local-franchising obligations until a phone company had 15% of the local pay TV market. Two weeks ago, House Energy and Commerce Committee chairman Joe Barton (R-Texas) and Telecommunications and the Internet Subcommittee chairman Fred Upton (R-Mich.) reached a tentative deal with committee Democrats. But no bill has been introduced and no hearings or committee votes have been scheduled, mainly because Barton and Upton used last week to sell the compromise to committee Republicans, who have been fielding cables complaints about the Barton-Upton approach. House Energy and Commerce deputy communications director Terry Lane said last Friday that no committee action has been scheduled for the week of March 27. The House wont be in session this week. Concern that the bill would lack balance was bipartisan. Rep. Rick Boucher (D-Va.), who sponsored legislation in the early 1990s to remove the ban on phone-company entry into cable, stressed the need for

parity. What we do for telephone companies we need to do in equal measure for cable, he said. If there are differences between how the two are treated, I will argue to eliminate the differences. Cable is using its clout to put pressure on Barton and Upton to strike a better balance. In the weeks ahead, cable will learn whether its opposition can derail the bill. Theyre certainly a very large and important industry. They have influence. Whether it is influence sufficient to stop the bill I really dont know, Boucher said. Two weeks ago, National Cable & Telecommunications Association president Kyle McSllarrow called the House effort a sweetheart deal for AT&T Inc. and Verizon Communications Inc. Asked if he knew that cable was troubled by the bill, Barton said last Wednesday, I am aware of that. Is that a news flash? Barton said he hoped cable came around to his view that the bill would prove to be in the industrys long-term interest. Cable, like any other red-blooded American industry that has been successful, has a situation that they are very comfortable with. They would rather maintain the status quo, he said, adding, although I really believe over time, if what we are talking about becomes law, theyll be very comfortable with that and do very well. The bill first would likely need the approval of Uptons subcommittee. Were working with cable to see whether we can get them on board. Well see what happens, Upton said. NEUTRALITY ISSUE

Another issue is network neutrality a policy banning broadband-access providers from discriminating against Web-based rivals that offer voice, video and content services. Discrimination can include blocking or degrading Internet traffic. Some in Congress would ban a cable company from creating an Internet fast lane that would include service providers that had paid cable. Cable has argued that network-neutrality mandates are unnecessary because the Internet-access market is competitive and devoid of discriminatory conduct. Barton indicated that he would include a network-neutrality provision to produce a bipartisan bill. I think that if we can reach an agreement, it would be a positive addition to the bill, he said.

McSllarrow has complained that net neutrality would represent regulation of the Internet for the first time. Rep. Chip Pickering (R-Miss.), who is helping Barton and Upton draft the bill and round up support, said net neutrality rules were in keeping with the GOPs free-market philosophy. Net neutrality was affirmed by [FCC] chairman [Michael] Powell, a Republican chairman, and pro-competitive requirements are actually very much consistent with the free-market ideals of Ronald Reagan, who broke up AT&T, Pickering said.

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3/20/2006 3:46:00 PM <http://www.multichannel.com/article/CA6317156.html?display=Breaking+News>  
NDS Group plc will provide end-to-end Internet-protocol-TV content protection aboard SES Americom Inc.'s "IP-PRIME" distribution platform. The digital pay TV technology vendor will integrate its "VideoGuard" conditional-access and "Synamedia" IPTV software into IP-PRIME, a centralized, satellite-delivered IPTV-delivery system that permits telcos to bundle traditional standard-definition and HD

programming on a single line with voice and broadband services. The companies said the NDS software will provide protection from origination at SES Americom's IPTV broadcast center in Vernon Valley, N.J., to authorized telco video hubs, to IP set-tops and throughout communications networks in the home.

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3/20/2006 5:10:00 PM <http://www.multichannel.com/article/CA6317249.html?display=Breaking+News>

CBS Corp. and Verizon Communications Inc. reached a comprehensive retransmission-consent pact that includes video-on-demand rights to hit primetime shows from the "Tiffany Network" such as CSI: Crime Scene Investigation, as well as local programming from its TV stations, officials said Monday. The wide-ranging agreement will provide Verizon's FiOS TV video service with analog, digital, multicast and HD rights to programming on CBS owned-and-operated television stations. In addition, the pact provides the telco with local VOD content from those stations -- mainly local news -- as well as on-demand content from the CBS Television Network, including popular network series as CSI, NCIS and Survivor. Verizon and CBS declined to comment on whether the telco is paying cash in exchange for carrying the broadcaster's TV stations. But CBS CEO Leslie Moonves has been vocal about his plans to demand cash payment for retransmission consent and, earlier this month, he said his company would announce such a deal shortly. In a prepared statement on the Verizon pact, Moonves seemed to intimate that CBS was getting cash compensation. "We are extremely pleased to have reached this agreement with Verizon, a company clearly on the leading edge of new media," Moonves said. "With each subscriber that Verizon's FiOS TV adds, CBS will directly benefit and, therefore, we look forward to our partnership as Verizon showcases our programming both in our O&O markets and across the country." Terry Denson, Verizon's vice president of content, strategy and acquisitions, stressed that the deal points were confidential. But he said, "One of the things we certainly recognized about CBS is that they've got a unique panoply of assets, and we also have some opportunities that matched up with some of their key initiatives. So to that end, we reached a deal that was mutually beneficial." Last November, CBS reached a deal to provide Comcast Corp. with some of the same programs it is offering to Verizon, such as CSI and Survivor, for on-demand use. But Comcast is charging its subscribers 99 cents per episode to watch those shows. As part of a retransmission-consent pact, Comcast also has access to local programming from CBS stations for its on-demand platform. In contrast to Comcast, all subscribers to Verizon's FiOS video services with a set-top box will receive the CBS network VOD content, as well as the local on-demand programming in markets where CBS owns stations, at no incremental cost. Verizon is looking to use its free-VOD offering to not only compete against distributors such as Comcast, but also against "device-centric" and "virtual" content providers, such as Apple Computer Inc. iPods, according to Denson. "Our target is to, in the eyes of the

consumer, enhance the benefit of network-based distribution," he added. "That's really our core deal here." The retransmission consent agreement with CBS is Verizon's largest such agreement. CBS has 21 O&O stations and, therefore, it has broadcast outlets in all of Verizon's TV markets except Washington, D.C. Prior to the signing of the comprehensive agreement, Verizon provided programming from the CBS stations under a special agreement with the broadcaster. "This deal expands the market for both Verizon and CBS. For us, it means we can offer our customers the tremendously valuable content provided by the CBS Television Network and local broadcast stations," Verizon chairman and CEO Ivan Seidenberg said in a prepared statement. "For CBS, it means they can use the bandwidth and flexibility of our fiber network to reach their customers in innovative ways." CBS executive VP Martin Franks called the Verizon retransmission-consent deal "precedent-setting" in that "it's the first major deal we've made since the split from Viacom [Inc.]" The broadcaster sees VOD building the audience for primetime shows like NCIS, according to Franks. "It is a show that is clearly on the rise, a hit in the making," he said. "The other night, as well as it did, it got maybe a 20 share. That means 80% of the sets that were turned on weren't tuned to NCIS, to say nothing of people who didn't have their sets on at all. We don't worry that [VOD is] going to cost us part of that 20%. We want to go after the 80% and more that weren't watching. We don't buy cannibalization. We really see VOD as frankly extending and reinforcing the network." Initially, the CBS shows that Verizon offers on-demand will include the national ads they carry for the broadcaster, according to Denson. He added that it will take roughly one month before Verizon FiOS customers have access to them on-demand. =====

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[http://news.com.com/French+on+to+something+with+iTunes+law%2C+say+analysts/2100-1028\\_3-6051495.html](http://news.com.com/French+on+to+something+with+iTunes+law%2C+say+analysts/2100-1028_3-6051495.html) Story last modified Mon Mar 20 11:12:06 PST 2006 French nationalists and free market advocates, whose sniping over cross-border takeovers has grabbed headlines, may now have something they can agree on: protecting freedom of choice on song and video downloads from the Internet. This could be bad news for Apple Computer and Microsoft, which have for the most part locked consumers into their own downloading systems with proprietary antipiracy software. The French parliament is set to vote early this week on a new law that would allow consumers to legally circumvent existing software that protects copyrighted material. Analysts say the French are on to something that the rest of the world has yet to figure out: It needs to set rules for this new market now or risk one or two U.S. companies taking control of online access to music, video and TV. "Whoever controls access to digital information also controls access to consumers," said Willms Buhse, product and marketing officer at Germany-based CoreMedia, a company that builds digital rights management systems used for copy protection. "For network operators, DRM (Digital Rights Management) has the potential to become the universal billing

system for the Internet," Buhse said. The law wants different copy protection software programs to be able to communicate with one another, so that downloads from the Web can be transferred to any device, not just iPods or Walkmans, as long as the number of copies stays within limits set by media publishers. Apple's iTunes store currently dominates online media sales, while Microsoft has successfully sold its Windows Media format to telecommunications carriers that are hoping to sell copy-protected music, TV and videos to subscribers. The possibility of one or two proprietary U.S. standards dominating the market is not just a concern in France, whose leaders have recently been touting "economic patriotism." It also unnerves any company that has content to sell or distribute, since songs or videos purchased from one store will often not play on systems from another store, locking in users. For that reason, Swisscom Broadcast has decided for now not to start a mobile TV service, said Klaus Pilz, the head of its mobile TV broadcast project. "Protection systems must be interoperable," Pilz said. "Shall we invest in such a technology mess? No." Todd Chanko, an analyst specializing in digital rights management technology at market research group Jupiter in New York, said his surveys of service providers showed that interoperability of copy-protection systems would be key to convince telecommunications companies and others to invest in systems that distribute content such as songs and video. Consumers, for their part, are prepared to pay twice as much for a song that can freely move between different devices, a recent study of the European Union-project Indicare showed. But this interoperability is not necessarily in the interest of companies such as Apple and Microsoft. Apple may sell fewer of its money-spinning iPod music players, for example, if iTunes tracks can play on less expensive players. Apple provided no comment on this possibility despite repeated requests for it from Apple representatives in the United States, Britain and France. Microsoft, eager to expand its tiny footprint in the 816 million unit-per-year mobile phone market, is promoting its Windows Media software to get telecommunications operators to use Windows. Marcus Matthias, product manager of Windows Digital Media at Microsoft, said his company was following the French debate with interest but was not preparing to adjust its policy to make Windows Media a "common denominator" for digital media, whether on a TV, mobile phone or computer. Customers agree that, given the lack of an industrywide standard, Windows Media could well be on its way to becoming the de facto format. "In a converged world where everything travels between PCs and phones, there isn't any DRM other than Windows Media that's likely to cut it," said Dominic Strowbridge, marketing director at BT Movio, British telecommunications operator BT Group's mobile TV service. One group of companies, however, is trying to forestall a balkanized copyright protection system, or one that is dominated by Microsoft. Telecommunications operators and consumer electronics companies joined forces several years ago to develop an open standard called Open Mobile Alliance (OMA) DRM. Until a year ago, the protection standard appeared destined to be the preferred antipiracy system for media companies, telecommunications operators, mobile phone vendors and consumer electronics companies. However, negotiations over licensing fees have been deadlocked for nearly a year and a half, with the six companies controlling the patents on the technology for OMA DRM 2.0 resisting calls for lower fees. This has

hampered the uptake of OMA DRM by hardware vendors and service providers. "It has had an impact. It (adoption of OMA DRM 2.0) would have gone faster if licensing terms had been agreed," Buhse said.

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[http://www.nytimes.com/2006/03/20/business/20patent.html?\\_r=1&oref=slogin&pagewanted=print](http://www.nytimes.com/2006/03/20/business/20patent.html?_r=1&oref=slogin&pagewanted=print)

For the first time in a quarter-century, the Supreme Court will hear on Tuesday a case involving the basic question of what type of discoveries and inventions can be patented. Both sides say the case, which involves a blood test for a vitamin deficiency, could have a wide-ranging impact on the development of diagnostics, perhaps threatening many of the underlying patents for genetic and other medical tests. But the array of companies filing supporting briefs including American Express, Bear Stearns and I.B.M. indicates that intellectual property in other fields might also be affected. Some patent specialists say they think the Supreme Court agreed to hear the case, against the advice of the United States solicitor general, to rein in patenting. "The Supreme Court reached out and grabbed this case," said Edward R. Reines, a patent attorney at Weil, Gotshal & Manges who is not involved in the case. "These circumstances suggest that some members of the court believe there are too many patents in areas where there should be none." At issue is whether relationships between a substance in the human body and a disease for example, the familiar association between high cholesterol and a higher risk of heart attacks can be the basis of a patent, or whether such relationships are unpatentable natural phenomena. This case, LabCorp v. Metabolite Laboratories, stems from a 1990 patent awarded to scientists at the University of Colorado and Columbia University. They found that a high level in the blood of homocysteine, an amino acid, indicated a deficiency of either vitamin B12 or another B vitamin called folic acid. Much of the patent describes a specific way to measure homocysteine, and those claims are not at issue. But the 13th claim of the patent is more general: it covers a way of determining vitamin deficiency by first testing blood or urine for homocysteine by any means and then correlating elevated levels with a vitamin deficiency. The patent is owned by Competitive Technologies, a publicly traded patent management firm in Fairfield, Conn., and licensed to Metabolite Laboratories, a tiny company based at the University of Colorado. LabCorp, one of the biggest clinical testing companies in the nation, with 2005 revenues of \$3.3 billion, sublicensed the test from Metabolite. At first, LabCorp, whose full name is Laboratory Corporation of America Holdings, tested for homocysteine using the specific method described in the patent and paid royalties to Metabolite and Competitive Technologies. But in 1998 it switched to a newer and faster test developed by Abbott Laboratories. Metabolite and Competitive sued, charging LabCorp with violating Claim 13 of the patent. In 2001 a federal jury in Denver ruled against LabCorp, and the company was eventually ordered to pay \$7.8 million in damages and attorneys' fees. The appeals court that handles patent cases affirmed the lower

court decision in 2004. In asking the Supreme Court to overturn the lower court decisions, LabCorp is arguing that Claim 13, because it does not specify how testing is to be done, patents nothing more than the natural relationship between homocysteine and vitamin B deficiencies, blocking other inventors from developing better tests. "The present-day implications of such a holding are limitless and dangerous," LabCorp wrote in its brief. "Anyone who discovers a new medical correlation could stifle medical treatment through a 'test plus correlate' claim." But Metabolite and its allies argue that such correlations are the basis of diagnostics and that not allowing patents would stifle development of new tests. There are tests, for instance, that look at mutations in particular genes to predict a high risk of breast cancer or to predict which AIDS drugs will not work. "Hundreds, if not thousands, of patents would at once be called into question" if the ruling goes against Metabolite, said a brief jointly submitted by Perlegen Sciences, a company developing genetic tests, and Mohr Davidow Ventures, a venture capital firm that backs diagnostics companies. Another question in the case is whether doctors could infringe the patent merely by looking at a test result for homocysteine and then thinking about vitamin deficiency. Indeed, the lower courts said LabCorp had not directly infringed but rather had induced doctors to infringe by performing the correlation. Partly with that in mind, the American Medical Association, the American Heart Association and AARP have submitted briefs in support of LabCorp, arguing, in the words of the heart association, that the patent could have "devastating effects on patient health care." Millions of homocysteine tests are done each year because high levels of the amino acid are associated with an increased risk of heart attack, stroke, birth defects and other diseases; people often take B vitamins to lower homocysteine and reduce the risk. (Clinical trial results announced last week, however, suggested that taking B vitamins did not prevent heart attacks.) Court precedents have held that laws of nature, natural phenomena and abstract ideas cannot be patented. "Einstein could not patent his celebrated law that  $E = mc^2$ ; nor could Newton have patented the law of gravity," the Supreme Court wrote in a 1980 decision. ' But in a 1981 decision in *Diamond v. Diehr* the last time the Supreme Court considered the issue the court upheld a patent on a method of curing rubber that made use of a well-known equation governing chemical reactions. The court said that the equation was only part of a broader invention. Glenn K. Beaton, an attorney for Metabolite, said that as in that 1981 case, "it's not the correlation itself that is patented here," but rather "the use of that correlation to determine B12 and folate deficiencies." In recent years, controversial patents have been granted on software and on business methods, such as ways of managing investment portfolios or of allowing people to order merchandise on Amazon.com with one click of a mouse. Bear Stearns, Lehman Brothers and the Computer and Communications Industry Association filed briefs urging the court to use the LabCorp case to restrict such business method patents, or at least not expand them. Other companies, including American Express and I.B.M., say the LabCorp case is not relevant to business method patents. The solicitor general, in urging the court not to hear the case, said there was not enough of a record from the lower courts on the question of patenting natural phenomena. That is because LabCorp did not raise that argument in the lower courts, instead trying to get

the claim invalidated on other grounds. If LabCorp wins the case in a way that weakens patents on diagnostic tests, it could be one of the bigger losers. The company, based in Burlington, N.C., is counting on high-priced, patented genetic tests to fuel its growth. Bradford T. Smith, executive vice president for corporate affairs at LabCorp, disputed that. "We think this case can be decided very narrowly," without undermining other patents, many of which rely on more than just correlations, he said.

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<http://www.nytimes.com/2006/03/20/technology/2overizon.html?pagewanted=print> Ivan Seidenberg is known in the telecommunications industry as a chief executive who makes all-or-nothing bets. Since the late 1990's he has often been the man to beat, having created Verizon Communications for a time America's largest phone company by merging Nynex with Bell Atlantic and then buying GTE. But in less than two years, Mr. Seidenberg has been eclipsed in ambition by Edward E. Whitacre Jr., the longtime Bell executive who engineered SBC Communications' takeover of AT&T last year. He now plans to buy BellSouth to create a \$120 billion giant that looks increasingly like AT&T did before it was broken up in 1984. Not that Mr. Seidenberg wants Verizon, with about \$90 billion in sales, to be known as the biggest Bell. In fact, nothing annoys him more than when Verizon is called a Bell company with all the connotations of a heavily regulated, slow-moving behemoth. He is trying to shed all vestiges of Verizon's history as part of Ma Bell by making long bets on advanced wireless services and a top-of-the-line fiber network that will provide consumers with the fastest broadband connections available and television service to compete with the cable and satellite companies. The AT&T-BellSouth deal "doesn't change anything for us," Mr. Seidenberg said, sitting in his lower Manhattan office that, in an odd coincidence, used to house the old New York Telephone Company, which hired him as a cable splicer's helper in 1966. Today, he said, Verizon "is all about trying to invest in technology so we can create new growth." Turning Verizon into a fast-growing technology company represents a huge gamble for Mr. Seidenberg, 59, who will go down in corporate history either as the man who took a stodgy carrier into the next century or as someone who reached too far too fast. His success or failure at revamping Verizon will also provide some clues about how viable traditional phone companies will be in the years ahead. Last year, Wall Street punished Verizon's stock because Mr. Seidenberg's plan to run fiber optic lines to as many as 16 million homes, or nearly half of Verizon's phone customers, by 2010 was considered reckless. The cost of installing fiber now about \$2,000 a home was so high that investors sent Verizon's shares tumbling 26 percent last year. (The shares, however, have risen 13 percent this year, closing at \$34.41 on Friday.) The fiber network will undoubtedly offer premium service, but industry analysts remain deeply skeptical that millions of consumers will drop their cable or satellite services to sign up with Verizon. Still, in some

towns in Texas where Verizon started selling television service last year, the reception has been positive; about one-third of the homes offered it signed up. Either way, Mr. Seidenberg has proven his critics wrong before. About five years ago, when investors urged him to grab more wireless customers by cutting prices, as rival companies were doing, he chose instead to spend heavily to build a national cellular network that could be upgraded easily. That strategy has paid off. Verizon Wireless is now signing up record numbers of new subscribers and they are the most loyal in the industry, largely because Verizon's network is considered better than others. While Cingular, which is owned by AT&T and BellSouth, has more subscribers, Verizon Wireless has more advanced multimedia services. At the same time, Mr. Seidenberg plans over time to shed millions of local phone lines, withdrawing from a business that is being eroded by wireless phones and Internet-based phone services. He sold off 700,000 lines in Hawaii in 2005 and has said he is willing to sell Verizon local lines in other parts of the country where it does not do much business. He also dismissed speculation that Verizon would acquire Qwest Communications, the smallest Bell company, which serves 14 Western states. His top priority now is to buy the 45 percent of Verizon Wireless held by Vodafone; the stake is worth between \$38 billion and \$43 billion, according to analysts' estimates. Mr. Seidenberg said he was "a willing buyer" because Verizon would be able to book 100 percent of the profits from Verizon Wireless. To make the deal, he said in an interview last week that Verizon was willing to buy Vodafone's shares in several chunks rather than in one piece, and even to revise the dividend it pays Vodafone during that process. But he rejected talk that Verizon might pursue Alltel, the fifth-largest cellphone company, which uses the same technology as Verizon Wireless and covers many parts of the country that Verizon does not. Alltel, he said, would only make Verizon bigger, not necessarily faster-growing. Mr. Seidenberg's emphasis on growth over size is one way he hopes to differentiate Verizon from AT&T in investors' minds. His wary approach to mergers sets him apart from Mr. Whitacre, who has been an open and aggressive buyer over the past decade. "They both understand their businesses well, but they have different styles," said Robert Rock, a telecommunications analyst at John Hancock in Boston. "With Ed, what you see is what you get, where Ivan is a more strategic thinker." Mr. Seidenberg has not been shy about buying companies either, just more nuanced in doing so. As chief executive of Nynex, he sold the company to Bell Atlantic in 1997. Instead of leaving, he became vice chairman and waited until Bell Atlantic's chairman, Raymond W. Smith, retired. Two years later, he had full control of Bell Atlantic, which he merged with GTE in 2000 and renamed Verizon. Again, he took a subordinate role, this time to Charles R. Lee, GTE's chairman. In 2002, Mr. Lee became chairman and Mr. Seidenberg became the sole chief executive. Two years later, Mr. Seidenberg became chairman after Mr. Lee left the company. Though Mr. Seidenberg joined New York Telephone as a cable splicer and spent a decade in a series of engineering jobs, he started on the road to upper management when he joined AT&T's regulatory department in 1976. The dozen or so years Mr. Seidenberg spent dealing with lawmakers in Washington, some analysts say, taught him to be cunning and flexible. Consider the handling of the debate over whether the Bell companies should be allowed to charge Internet content providers for faster connections

to their customers. Mr. Whitacre of AT&T drew loud criticism in November when he told Business Week that "for a Google or Yahoo or Vonage or anybody to expect to use these pipes free is nuts!" The comments galvanized consumer advocates and Internet content providers and pushed a once-obscure issue into prominence. Though Verizon wants similar freedom to adjust its services, Mr. Seidenberg has largely been quiet, letting his lawyers in Washington do most of the talking. Regardless of which public relations approach they take, Verizon and AT&T share the same basic problem. With the number of traditional phone lines shrinking, they hope to compete with cable providers on cable's turf selling television service. To offer that service, Mr. Whitacre is taking a less costly but also less proven approach to his fiber network rollout than Mr. Seidenberg. AT&T is stringing fiber lines to neighborhoods and using the existing copper lines to connect the rest of the way to homes. It is expected to spend about \$12 billion on its network by 2010 to serve nearly 32 million homes (including those of BellSouth customers), according to Bernstein Research. Verizon will spend about \$18 billion by 2010 to run fiber lines into people's homes, Bernstein says. The Verizon network will serve half that number of customers, but will offer more bandwidth than networks run by AT&T and the cable companies. Mr. Seidenberg insists that the cost of running fiber to individual homes is declining, and says that in a few years, investors will see the wisdom of spending more now to generate growth later. While smaller competitors are cutting into his phone business, he says, Verizon has the tools to strike back. "We're big, but we take big steps," he said. "So we can catch them pretty quickly." =====

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