

The Strategic Importance of Tax in New Business Models of Broadcast & Cable

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**BOND &
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Non-Traditional Broadcasting Revenue Sources

- Home Shopping/Direct Response
- Tower Leasing
- Direct Retail
- Sponsored Shows (Bridal Fairs/Home Shows)
- Subcarrier and VBI Leases
- Commercial Production

Future Broadcasting Revenue Sources

- Datacasting
- Interactive TV
- Multi-Channel DTV (Subscriptions?)
- T-Commerce
- Interactive/Enhanced Advertising
- Electronic Program Guides/Portals

New Television Revenue Impediments

- Requires HDTV Transmitters
- Needs Specialized TV Receivers
- Needs Sufficient Penetration of Market to Be Viable
- Some Revenues Shared with Others (Service Providers)
- Pricing Models Still Being Developed

Non-Traditional Cable Revenue Sources

- Advertising
- Channel Leasing
- Per Inquiry Programming
- New Channel Payments (Capacity)
- Channel Position Payments (Low Channels)

New Cable Revenue Sources

- Digital Cable Tiers
- High Speed Access (Cable Modems)
- Commercial Broadband Access
- Telephony Services
- Video on Demand
- Interactive Television

New Cable Revenue Impediments

- Extraordinary Capital Needs
- Customer Service/Staffing Needs
- Downtime/Outages Not Tolerated
- Entrenched Local Phone Companies

Potential New Business Revenue for Television Broadcasters

Business Sector	Revenue Potential
Datacasting	\$1 - \$2 per transaction
Interactive TV	Enables Other Revenues
Subscription Multi-Channel	\$3 - \$8 per mo. per sub
Enhanced Advertising	25-50% Premium
Interactive Advertising	\$1 - \$2 per lead

Potential New Business Revenue for Cable Operators

Business Sector	Household Penetration Levels	Incremental Per Subscriber Rates
Digital Cable Tiers	75 – 80%	\$10 – \$20 per month
High Speed Access	35 – 50%	\$40 – \$50 per month
Telephony Service	20 – 40%	\$25 - \$40 per month
Video on Demand	Available to All	Increases pay-per-view revenue by 3 – 5X
Interactive TV	Available to All	Per service/transaction