



Cable Brains Move to Web

Established programming talent leaving for online video sites;
venture capital fueling startups

In 2004, when MTV Networks decided to develop a broadband Internet network, it turned to programming whizzes Morgan Hertzan and Joseph Varet. They had a good track record at the network, having spearheaded the launch of several ethnic music channels and a college campus network known as mtvU.

Today, as MTV — owned by Viacom Inc. — pushes deeper into the online video business, it does so without the two programmers. Messrs. Hertzan and Varet left last year to start LX.com, a Manhattan site featuring lifestyle and entertainment videos for affluent viewers.

The two are part of a wave of executives and producers ditching cable TV for online video. In the past 18 months, more than a dozen New York cable professionals have left

Established positions to launch riskier but more nimble ventures.

"We wanted to create and own our own channel," says Mr. Varet, adding that almost all of LX.com's 15 full-time employees came from cable TV. "Video on the Internet offers the same growth opportunity that cable TV did in the early 1980s."

The brain drain punctuates how online video is shaking up the cable business, with sites spurring competition for content, talent and audiences.

It stands to reason. Video is the fastest-growing segment of online advertising. Last year, advertisers spent \$410 million on online video, 82% more than in 2005; spending is expected to jump 89% this year, to \$775 million, according to research firm eMarketer. By comparison, though cable ad spending weighed in at a hefty \$16.7 billion last year, that represented only a 3.4% increase, according to TNS Media Intelligence.

"The high-growth days of cable are over," says Carrie Pryor, a senior client partner at recruiting firm Korn/Ferry International. "Individuals are willing to take the risk for the upside. Everyone has heard about YouTube."

The migration of talent from cable to the Web reminds some tech veterans of the height of the dot-com boom,

when companies in all kinds of industries lost top employees to startups.

Recalling the boom

In the 1990s, venture capital outfits threw money at Internet entrepreneurs. The subsequent crash taught them to choose their targets more carefully, but venture capitalists are keen to put money into video companies. Though no figure is available for video-related investment, \$162 million of venture capital went into New York area media and entertainment startups last year, twice what the amount was in 2005.

Earlier this year, Next New Networks in Manhattan raised \$8 million in funding. Two of its founders are cable TV veterans Herb Scannell and Fred Siebert.

"It's apparent that video is moving to the Internet," says Mr. Scannell, who during his 20 years at Viacom-owned networks helped launch such breakthrough cartoons as *Rugrats* and *SpongeBob SquarePants*, and later became president of Nickelodeon. "I wanted to be part of that change."

So did Jennifer Usdan McBride, who left her job as a cable TV producer to help launch Savory New York, an online

video restaurant guide. She spent more than 10 years producing TV shows for Oxygen Media and Discovery Health, among others.

Ms. McBride knows she took a leap of faith. "It's obviously a huge risk, but we move a lot faster than a large network," she says. Savory New York has already added San Francisco and Chicago guides.

Online video also represents a big growth area for cable networks. Viacom has a stable of more than 40 video-related Web sites. In the past year, the media giant has poached executives from major Internet players, including Google Inc., and bought several video-related sites, including iFilm and Atom Entertainment.

Corporate endgame

In fact, successful video ventures may eventually be swallowed by larger companies. "Who knows; at some point in my career I may have a corporate job again," says Jason Hirschhorn, who joined MTV in 2000 when the network bought his Web startup, Mischief New Media, and eventually became chief digital officer. He left MTV last year to join the Manhattan office of Sling Media, which markets home-media devices that let consumers watch video on multiple platforms.

Some of the new firms are already working with cable networks. Tejpaul Bhatia, who launched a broadband channel for ESPN, left last year to start his own online video production company, Tej Media Networks, but remains a consultant to the cable sports network. The gig helps him pay the bills as he puts the finishing touches on his business plan and tries to raise seed capital.

"I had a lot of freedom to launch business units at ESPN, but when the idea got too big, it became futile to sit in meetings and spend six months selling it," Mr. Bhatia says. "Innovation and paradigm shifts come out of small companies."

CUTTING THE CABLE

Yvette Alberdingkthijm left MTV for Joost, where she is executive vp, content strategy and acquisition

Tejpaul Bhatia left ESPN for Tej Media Networks/co-founder and president

Nicholas Butterworth left MTV for Diversion Media/co-founder and CEO

David Clark left MTV for Joost/vice president and advertising director

Tony Dunaif left MTV for Brightcove/vice president, content partnerships and international development

Vipin Goyal left MTV for Joost/senior content strategist

Albie Hecht left Spike TV for Worldwide Biggies/founder

and CEO

Morgan Hertzan left MTV for LX.com/co-founder and executive producer

Jason Hirschhorn left MTV for Sling Media/president, entertainment group

Dina Kaplan left NBC for Blip.tv/co-founder and COO

Eric Levin left HBO for City on Demand/co-founder and president

Jennifer Usdan McBride left Discovery for Savory New York/co-founder Health

John Ovrutsky left HBO for City on Demand/co-founder and COO

Herb Scannell left Nickelodeon for Next New Networks/co-founder and CEO

Fred Siebert left MTV for Next New Networks/co-founder and creative director

Joseph Varet left MTV for LX.com/co-founder and CEO

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