



Digital Program Insertion

Taps New Advertising Revenue



"The industry is moving to the digital tier. Digital ad insertion saves us money inserting on digital channels, allows us to deliver cleaner, more reliable ad spots, and gives us incremental revenue today, when every little bit helps. Longer term, having digital insertion in place positions us to take full advantage of its real-time scheduling and more personalized advertising capabilities."

Jim Radmann
Director of Engineering and Operations
Time Warner Milwaukee

Overview

As consumers migrate to digital cable, the challenge for local cable and interconnect advertising sales operations is to reach viewers without duplicating their advertising infrastructure. ARRIS gives operators complete Digital Advertising solutions to reach both analog and digital customers from the same cost-effective platform. With support for the SCTE 35 digital cue message standard, ARRIS Digital Advertising solutions allow for real time ad insertion into all digital cable networks.

Advertising Revenues Depend on Digital

Many factors are driving subscribers and advertising dollars to the digital tier. More and more cable customers are buying digital cable—digital penetration will exceed 30% in 2003 and approach 50% by 2005. Cable operators are migrating networks to digital in order to save bandwidth and to lower operating costs. With the ability to offer many more channels on digital than analog, almost all new channel launches will be on digital. Furthermore, new digital products such as VOD and HDVOD will drive more subscribers to digital. Cable operators are putting more channels on digital because it is more efficient. Subscribers are attracted to digital programming by plentiful, high-quality content and by on demand services. Digital subscribers are often the most affluent consumers, the most attractive target market for high-end advertisers.

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One Platform for Digital and Analog Insertion

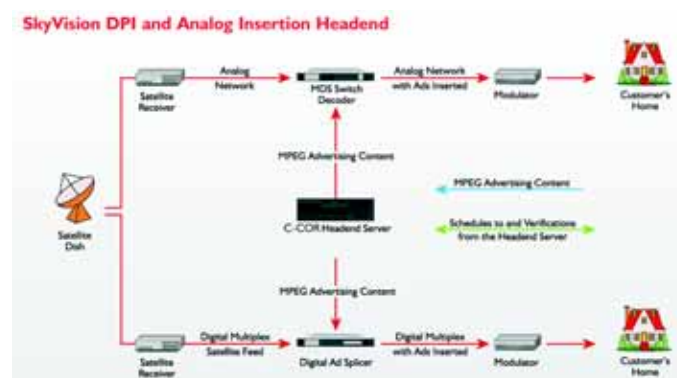
As cable customers transition to digital TV services, operators need the ability to insert local advertising on the digital tier in order to maintain and grow ad revenues. The challenge is to reach both digital and analog subscribers without duplicating ad insertion infrastructure. ARRIS Digital Advertising solutions reach all your customers from the same platform, with digital-to-analog and digital-to-digital streaming. The ARRIS digital-to-digital streaming includes both Standard Definition (SD) and High Definition (HD) insertion, SD into SD, SD into HD, and HD into HD.

Make the Most of Ad Insertion Infrastructure

As consumers migrate to digital delivery of on demand services, ARRIS Digital Advertising solutions help you preserve and grow ad revenues. Insertion on analog and digital channels from a single system extends your advertising reach to digital customers while preserving investments in current analog infrastructure. A single Digital Program Insertion (DPI) server can insert on up to 40 digital and 48 analog channels, so you have a smooth, complete, and economical transition to digital ad insertion. Embedding cue tones into the digital stream makes cue tone reception more reliable, meaning less lost insertion opportunities and therefore less lost revenue opportunities. One large interconnect operator recently analyzed lost revenue due to missed or inaccurate cue tones and concluded that digital cueing regained millions of dollars in insertion opportunities. Paired with the ARRIS comprehensive content and system management tools, DPI will simplify the daily operation of ad insertion systems and lower operating costs.

Digital Insertion Creates New Revenue Possibilities

DPI positions you to tap additional revenue streams as the industry moves to more interactive products and services. DPI capability is a draw for advertisers. It preserves ad viewership as the subscriber base transitions to digital service, and digital channels offer attractive niche markets with pre-qualified, higher-income consumers. DPI technology is also a platform for advanced advertising techniques. For instance, zoning within a single system lets you insert customized advertising targeted to the demographics of consumers in local markets. Finally, digital cueing offers new revenue opportunities through targeted and real-time insertion of high-value advertising during special events and programming. Over time, ARRIS DPI solutions will help you to protect, maintain and, ultimately, grow your advertising revenues and offerings.



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