cable operations—the plus, that is, instead of the minus that other businesses have experienced. "All consumers are becoming more cost efficient," Mr. Levin said, explaining that HBO has been able to demonstrate that pay cable is among the best bargains the homeowner can buy.

Speaking of the projected satellite system (see separate story, page 16), he said "We're trying to deliver a new kind of distant signal that's exclusive to the cable operator . . . We now have the ability to fashion a national cable television network not dependent on broadcasting," Mr. Levin said. "It's time to put this industry, literally, into orbit."

The Monday session was NCTA's first to focus on the nuts and bolts of pay cable, but not the last nor the only. The subject was repeated Tuesday—again to standing-room attendance—and cropped up all over the convention's official and unofficial agendas; indeed, wherever two or more cable operators happened to get together.

Among the subjects of interest was whether the flat-monthly-charge subscription methods—as pursued by Home Box Office—or a per-program method was inherently superior. Two who opted for the latter were James Wicht, of Cablenet International, Columbus, Ohio, and Donald Berner of Twin City Trans-Video, Allentown, Pa.

Mr. Wicht's essential argument was that pay cable has only begun to develop, that no one knows what the future may bring in the way of program opportunities and that the best way to train an audience to pay for varied attractions is to price them individually. A not unwelcome advantage, in the beginning of pay cable growth, is that a skittish customer may be encouraged to take the system in the first place if he knows there's no monthly commitment. Dollar revenues don't generally exceed those of the monthly brand, he said, although they have the potential of ranging higher (as well as lower).

It was evident, however, that the per-program path is not being taken by many in pay cable's early days. For one thing, it's far more complicated for the system operator, and more expensive in terms of in-home decoders or other devices necessary to select-out the per-program customer from all other homes in the system. Indeed, Mr. Wicht was introduced as "the last of the Mohicans in per-program pay cable"—an exaggeration that might have been more accurate had he been called the first of the Mohicans instead. A long-range view expressed by several NCTA convention speakers was that the eventual pay cable system would incorporate both methods—monthly charges for the standard events, per-program charges for the extra special (a heavyweight title match, for example).

Mr. Wicht's system used a four-channel, per-program converter designed by an affiliated company, Coaxial Communications. "We think ours is 'it,' " he said, referring to a "black-box" technology the industry has been looking for. It's also capable of performing other broadband services, and does so at "reasonable" cost—$35 to $40 per box.

Interested party. Irving Kahn was back in the cable business last week, attending the NCTA convention in New Orleans and—although not a part of the official program—very much in evidence. The ex-Teleprompter president, who recently ended 30 months in prison for bribery and perjury in connection with a franchise award, exhibited his famous ebullience in several comments from the floor. During one session on pay cable, he chided his colleagues for not being aggressive enough in programing on their own. "You're overlooking one fundamental," he said. "There's nothing in the FCC rules that precludes you from using your own product in any way you want to. . . . There's nothing to say you couldn't have first-run cable, second-run theaters, third-run TV." Few among the industry's present operational chiefs seemed anxious to follow that daring a lead.

The Columbus system, in operation for 34 months, now has 1,000 subscribers to what it calls its "Telecinema" service. A mini-computer built into the system polls each set at four-minute intervals. When a set has been found tuned to the pay channel on at least 10-15% of the computer's passes, the subscriber is counted as having watched the movie on at that time and an entry is made on the monthly bill. Mr. Wicht projects cash break-even at 2,000 subscribers, a point he expects to reach this summer.

Mr. Berner said that it cost $75,000 to equip the Allentown system for pay cable at the headend, including computer and cassette configuration. Its in-home terminals—also of home company design—cost $125 each, a figure that almost doubles the system's original construction cost ($100 per customer plus $20 a drop, a figure he estimated would be $200 today). "At those prices," he said, "we can't give it away," explaining in part Trans-Video's preference for the per-program approach.

"It's not difficult to get into pay cable," was the counsel of Jerry Burge of Davis Communications, speaking of that company's experiences in Florida. "You'll find it an easy suit to wear."

It was in Pensacola that Mr. Burge developed what he calls the "negative option approach" to pay cable. Initially, the company started pay cable operations with a standard converter system and offering eight movies a month for $6. It didn't work. So Mr. Burge decided to reduce the offerings to five a month ("At that time there were only 60 new movies a year worth paying a premium for") and the price to $3.75. On top of that, he offered the first month's service to the entire system free, then left it up to individual subscribers to tell him to turn it off (the negative option). "Is it legal?" "Yes," was his answer to the NCTA last week, although cautioning that "you must make it easy for them to say no." Only 15% did, leaving the Pensacola system with an 85% pay penetration almost overnight.

Mr. Burge's strongest advice to his NCTA audience: Concentrate on quality, not quantity. "Pay cable is a premium service," he said. "The subscriber wants a premium for his money."

Summertime's the good old time for pay cable entry, advises Telemation executive, who also thinks pay cable should follow theaters and their promotion in playing new movie product

The best time to go into pay TV is before Aug. 1, in the opinion of Robert Weisberg of Telemation Program Services, which books pay cable programs for a number of systems around the country. "The buy-rate is up enormously in the summer," Mr. Weisberg said, a phenomenon he attributed to network reruns on conventional TV.

That wasn't the only advice he offered during a pay cable session at the NCTA. More importantly, "Let's not fight between ourselves on exclusivity," he said, adding that the industry has enough problems competing with theaters and conventional TV.

Mr. Weisberg responded negatively and vigorously to a suggestion by Irving Kahn—the ex-Teleprompter chief and cable guru whose presence was felt repeatedly at the convention (see picture above)—that cable should go after movie product ahead of theaters. "If 'The Sting' had started on pay cable it wouldn't have built nearly the audience it did in the theaters," Mr. Weisberg said. For the near future (three to five years), in his