

TCO

VOD's Lowest Total Cost of Operations

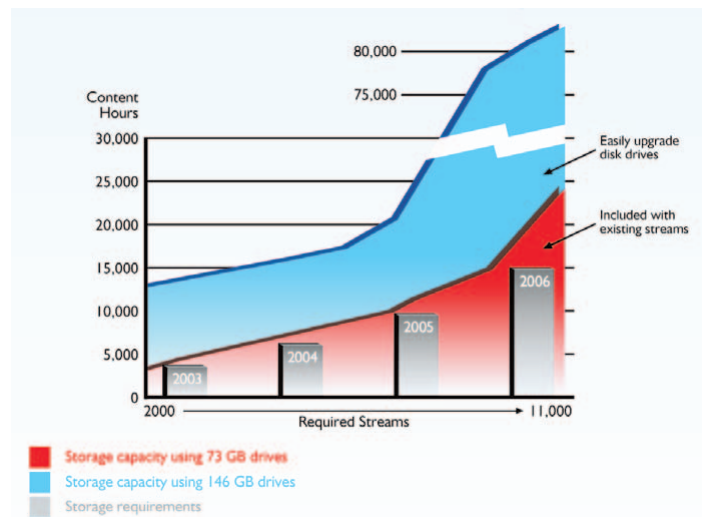
- **Choice and flexibility**
- **Sophisticated on demand media systems and digital advertising systems**
- **Powerful, scalable on demand management and technical business tools**

VOD Systems Drive Free Cash Flow

The cable business has traditionally focused on cash flow as a measure of its financial success. But in today's market, Wall Street analysts and investors are no longer satisfied with cash flow growth as a positive indicator of financial performance. They are demanding profitability, and the cable industry is proactively turning to free cash flow as its metric for business success.

Total cost of operations (TCO) is a crucial factor in achieving profitable cable operations. Once a key term for the computer/software industry, TCO is now being adopted by the cable industry. By considering not just the initial outlay, but the entire VOD process, operators can invest in VOD systems that continually contribute to the bottom line by supporting long-term business growth, reducing operating costs, standardizing processes, and creating new business opportunities. This includes the costs to purchase, deploy, and upgrade their VOD systems along with the ability to manage and distribute VOD content.

However, the solutions don't stop with the server. Management tools allow operators to gain an immediate view of revenue and performance, providing the opportunity to react to customer behavior immediately. By combining the power of the n4x On Demand Server with C-COR's nABLE management tools, operators can achieve the lowest TCO through superior scalability and efficient business management solutions.



With an n4x On Demand Server, unique content storage is included with streams, so there's always enough to meet customer demand.

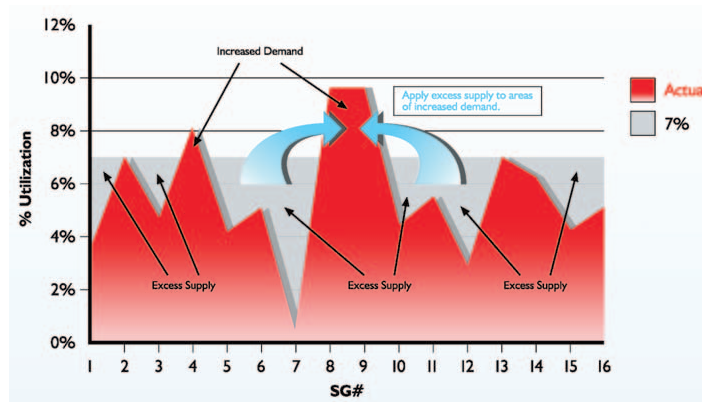
The On Demand Boom is Built on Content

To achieve profitability, operators need systems that can meet increasing demand without constant capital outlay. Growth in VOD subscribers is driven by content, and additional subscribers require expanded delivery capability. Based on NCTA predictions, VOD usage will increase by 750% over the next few years. This explosive growth requires VOD systems to store more hours of content while being able to continually boost the number of simultaneous streams to meet customer demand. Kagan estimates that by 2005 each VOD system will have to carry approximately 10,000 hours of content. That's close to a 5-fold increase over the unique content storage required today. To increase profitability, operators will need to meet their customers' content demands, delivering more content to more subscribers without major expense outlays to increase VOD system capability.

Content Storage That Always Meets Customer Demands

C-COR On Demand solutions boost VOD profit margins with the lowest total cost of operations in the industry. The n4x On Demand Server provides unmatched scalability in both streaming capacity and content storage, and it requires fewer people to manage systems and content. C-COR systems scale content storage in a 1:1.2 ratio with delivery capacity—delivering approximately 1.2 hours of unique content storage for every added stream. If content needs increase faster than streaming needs, the n4x system can be simply and inexpensively upgraded without having to buy new hubs or racks. There is no need for content replication, and upgrades can take place without disrupting operations.

GigE Transport—Overprovisioning Service Group Utilization



Example of instantaneous actual service group utilization vs. a 7% utilization capacity (by design) with load leveling.

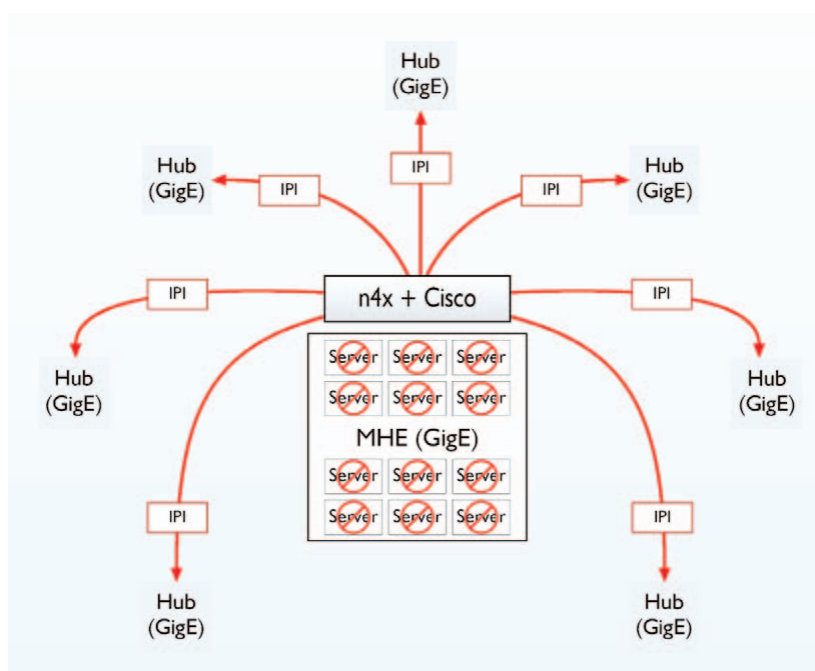
Deliver More for Less

C-COR's unique centralized architecture integrated with Gigabit Ethernet (GigE) transport allows operators to add capacity without duplicating infrastructure or increasing system management resources. With GigE transport, the number of video streams provisioned from the server to an individual service group can be fine-tuned to exactly match supply with demand. C-COR's GigE transport solution balances the delivery load across service groups, similar to the way phone systems distribute calls across different circuits to handle peak demands. For example, if one service group is using more than its typical share of bandwidth, GigE switches content delivery from less active service groups to meet the increased demand. So instead of buying streaming capacity for worst-case subscriber usage conditions, operators can buy capacity for average usage and let C-COR's GigE transport capabilities handle peak demands.

Reduce Work, Reduce Errors, Improve QoS

Another benefit of C-COR's centralized architecture is less manual intervention. Content only needs to be loaded, verified, and propagated once. This reduces the number of processes associated with content management and delivery, and thus eliminates opportunities for error. Centralized delivery is more reliable—improving customer satisfaction and revenue—and operators only have to maintain and upgrade a single site instead of many.

C-COR's Full Centralization Model



Lower operating costs while improving Quality of Service. No content replication and less manual intervention.

Maximize Revenue Through Better Business Management

C-COR On Demand systems lower operating costs with superior system management tools. Real-time reporting reveals how products are performing, how much revenue they are generating, and how well the system is responding at any moment in time. Real time business reporting, including buys, buy rates, revenue, and royalty reporting, helps operators to tailor offerings to achieve maximum revenue by meeting customer needs. And with real-time error notification, system managers can identify problems before they affect service and revenues.

Lowering Costs, Expanding Revenues

Lowering TCO is the first step to VOD profitability. Operators using C-COR systems have seen the benefits of lower costs of operation. With centralized servers, they've been able to add VOD services without adding additional staff. Content scalability has enabled them to "optimize capital" by spending money on transport to handle growing subscriber demands, instead of spending money on disk drives to handle more content. They can drive subscriber growth with more available content. The next step to expanded profitability is to leverage on demand systems to create new business opportunities. C-COR systems can store and deliver more unique content to attract more subscribers. Better reporting and analysis tools help operators to continually improve marketing effectiveness and product offerings. Finally, C-COR systems help expand revenues by delivering new on demand products and services without new investment, because high-definition (HD), network PVR, live sports, local VOD, and other capabilities are built in. With lower TCO plus the tools and technology to create new business, C-COR gives operators the power to move from growth to profitability today.

Corporate Overview

C-COR powers the world's most sophisticated on demand media systems and digital advertising systems for cable operators and telecommunication network providers. Our hardware, software, applications and integration solutions bring Video On Demand (VOD) and Digital Program Insertion (DPI) to operators such as Adlink, Charter Communications, Comcast Corporation, and Time Warner Cable, and to major markets including Los Angeles and New York City. We are committed to simplifying the deployment of on demand content and digital ad insertion systems by offering the most powerful, scalable set of on demand management and technical business tools on the market today.



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