

# America Online in negotiations to acquire BlackVoices.com

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TimeWarner property. Three years ago, TW acquired the Web site from its founders, Harvard University Professors Henry Louis Gates and Kwame Anthony Appiah.

America Online is already one of the largest - if not the largest - paid media outlets supported by black consumers. It is estimated that it has more than 4 million African-American subscribers. What has been

lacking from AOL is a clear strategy for retaining those black customers and attracting more.

AOL Latino was introduced to entice more Hispanic subscribers and the service has been promoted extensively. It offers news, sports, music and promotions in Spanish.

However, despite having Africana.com and the BlackFocus forum under its umbrella, as well as the incomparable newsgather-

ing and content resources of TimeWarner, AOL has yet to make a concerted effort to market itself effectively to African-Americans. Nor has it generated any significant revenues by promoting its black audience to advertisers.

All of that may be changing, however. AOL has consolidated oversight of its special niches under Kenn Turner, who was recently promoted to senior vice president and general manager

of AOL Key Audiences. The division includes Africana.com, AOL Latino and AOL Small Business. Turner, who gained brand development and marketing experience at Hallmark Cards and Hasbro Inc., moved last month from Africana.com's base in Cambridge, Mass., to AOL's headquarters in Dulles, Va.

An acquisition of BlackVoices.com would give Africana.com immediate access to hundreds of thou-

sands of potential new members, as well roughly \$5 million in advertising placed annually with BV.

Officials at AOL and BlackVoices.com refused to comment when asked about the negotiations.

## Backlash brewing as white-collar jobs move

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the foreigners are coming after your job."

Fear of a backlash was a major issue at a technology summit this month in Hyderabad, India. Indiana's failed contract with Tata Consultancy Services, and customer complaints that prompted Dell Inc. to reroute some help desk calls from India to Idaho in November, worry Indians, who have received billions of dollars in outsourcing contracts.

"This is a matter of concern for all of us," India's info tech minister, Arun Shourie, told officials from 30 Asian countries at the summit. "We must come together to find a consensus approach to fight this backlash."

Business experts say India needn't worry; Indiana and Dell are high-profile exceptions to what has become the rule of outsourcing.

In a research report in mid-2003, Gartner Inc. predicted that at least one out of 10 technology jobs in the United States would move overseas by the end of 2004. Forrester Research predicts at least 3.3 million white-collar jobs and \$136 billion in wages will shift from the United States to low-cost countries by 2015.

"The idea of a backlash

makes for great press, and it makes for great rhetoric in an election year," said John C. McCarthy, vice president of research at Forrester. "But the reality is that every day there's a new customer with new cost savings from this. The economics are hugely compelling, and it's not going away."

The cost savings are tough to ignore - particularly for cash-strapped states. Connecticut, Florida, Indiana, Maryland, Michigan, New Jersey, New York and North Carolina all saw anti-outsourcing bills introduced in 2003, but none passed, according to the National Conference of State Legislatures.

"This is the classic policy dilemma for legislators," said NCSL research analyst Justin Marks. "You've got a \$200 billion deficit for states, and they can save a lot of money by outsourcing. But the economy has lost a ton of jobs, and legislators are saying, 'I don't want to see more jobs in my district go away.'"

Indiana Gov. Joe Kernan said he'd like to see "preference" for companies from his state in government contracts. In an interview, Kernan said the contract that Tata won shouldn't have been such an omnibus.

No single Indiana firm could have met all its requirements, which included everything from speedier unemployment claims processing to 24-hour accessibility to government record.

Tata's bid was about \$8 million lower than bids from two U.S. firms. Indiana officials subsequently restructured the contract, which is still open, to let Indiana companies partner with universities or other consulting firms and compete against multinationals.

"Hopefully some Indiana companies will be able to participate, but there are no guarantees," Kernan said. "We're not closing the door to companies from Bombay to Los Angeles."

Earlier this month, executives from Dell, Intel Corp., IBM Corp., Hewlett-Packard Co. and other companies urged the Bush administration to maintain its hands-off approach and not regulate outsourcing.

"There is no job that is America's God-given right anymore," HP chief Carly Fiorina said. "We have to compete for jobs."

Executives say transferring highly paid, highly skilled jobs to foreigners allows companies to engi-

neer products inexpensively and lets Americans focus on emerging fields such as nanotechnology. The average American programmer commands \$60 an hour; in India the rate is roughly one-sixth of that.

Proponents also say outsourcing develops work forces - and in turn, consumers with buying power - in fast-growing markets such as China, India and Russia.

Despite that daunting economic logic, outsourcing opponents say they hope to educate the public about the true cost of globalization.

"People are tired of everything being based upon the bottom line, where companies are getting richer and everyone else is losing out," said Marcus Courtney, organizer of the Seattle-based Washington Alliance of Technology Workers, which has 370 dues-paying members and 16,000 people on a free electronic mailing list.

"Indiana can save some money if they go with the Indian firm, but there's a cost to that savings - it could put state residents out of work. Free trade is not free."

On the Net:  
<http://itpaa.org>  
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## New cable channel aimed at black viewers

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gramming, was also talking to New York hip-hop mogul Russell Simmons about starting a black cable network.

Large cable companies are constantly looking for ways around paying high fees for programming, including creating their own. Comcast, for instance, owns E! Entertainment Television, Style and the Golf Channel.

Liggins had no video and no programs, just a business plan predicting profitability in four years. Radio One's 67 hip-hop and rhythm-and-blues radio stations are clustered in the largest cities, he told her, many of the same places Comcast's 21 million subscribers live, such as Washington and Baltimore. Look, he said, the two could promote each other.

"I said, 'Whoa, whoa! The economics are good,'" Banse said. "But maybe you should come back with a tape that shows us what the television network should look like."

Rodgers spliced together interviews with famous African Americans begging for another cable channel. "Black people are hungry to see the truth of who we are," said Susan L. Taylor, editorial director of Essence magazine - the nation's leading magazine for black women - on the video.

Comcast liked the idea. Radio One eventually promised to put up \$74 million in cash and contribute radio ads in markets where TV One was launching. Investment banker Bear Stearns Cos.' venture capital fund, New York-based Constellation Ventures, put up \$30 million, and Comcast and three other investors together put up another \$30 million. Comcast got a 40 percent stake in return for running the channel on its cable systems; Radio One got

40 percent; and the other investors, 20 percent.

Radio One did not exactly bet the farm, but it was a hefty outlay on the heels of a two-year spending spree in 2000 and 2001, when the chain ran up a big debt acquiring 27 radio stations for about \$1.6 billion. The company's debt load is still higher than the industry average, said Kit Spring, a broadcasting analyst with investment banker Stifel Nicolaus & Co., which makes a market in Radio One stock. Debt is almost six times annual cash flow, or about \$650 million. The industry average is about four times cash flow.

Spring said he expects Radio One to raise money by selling convertible preferred stock to the public this year, which should bring its debt below the industry average.

The upside seems worth the risk, he said. Spring expects the channel to attract enough subscribers and advertisers to break even by 2007. Assuming TV One attracts 30 million subscribers by 2008, it could be worth \$500 million, based on his estimates for advertising revenue and carriage fees - the fees cable networks pay programmers per subscriber.

It is not out of the question, analysts said. After all, Washington executive Robert L. Johnson sold Black Entertainment Television Inc. after two decades to New York media giant Viacom Inc. for \$3 billion in 2000. BET gets access to 75 million homes on the basis of its steamy music videos and syndicated repeats.

**Ready for takeoff**  
The frenzy that began with that first meeting at Rodgers's house has not slackened. Rodgers, chief executive of the network for 10 months now, sat in his

office a week before TV One's launch. He sipped apple cinnamon tea on a cold winter morning. It was not yet 8 a.m.

His small corner office on the fourth floor of Radio One's tower overlooking a used-car dealership and Days Inn in Lanham was filled with a dozen posters promoting TV One. A pretty black woman in a pink evening dress was lying across a television that says TV One. A black cowboy roped a cow. Rodgers handed out miniatures to cable executives.

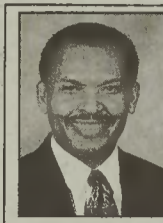
"This is going to happen," he said. "I just need to remind myself and everyone else that this is going to happen." He had hoped to roll out the channel in the nation's two dozen largest

cities. He could swing only seven.

Three days before the network was to air, he flew to Jackson, Miss., to meet with the state's black mayors. He asked them to write Time Warner Inc. chief executive Richard D. Parsons to "request their citizens be allowed to watch TV One." Rodgers and his sales team will try just about anything to get Time Warner and other big system operators to put the channel on their basic cable tier.

Digital cable has fewer subscribers than basic cable and costs more, so channels want to be on basic. But the basic cable tier is full in many cities and the cable companies are putting new networks on the digital tier.

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### No Returns

Have you ever been in a situation in which you helped someone, maybe even went out of your way, and after it was all over, you did not get as much as a "thank you"?

You were probably surprised that the person seemed to be so ungrateful. Perhaps in your mind you were thinking of how helpful you were being. You even imagined how much of a difference you were making in that person's life and how appreciative they would be. But then nothing happened. There was no acknowledgement of what you had done. It was as though the person thought you owed them a favor.

You probably could not believe what had happened. You may have even said that you would never help them again.

I was talking to someone around the Christmas holidays who was very upset with his children. He could not believe how ungrateful they seemed. Not very much was made of the gifts he had given them. There was no gift given to him in return that showed a great love and caring for him. This father was quite disappointed. He has decided that from now on, he would not be as generous in the future. This could be holidays or birthdays.

Disappointment is usually the payoff when we give to others with the expectation that we will get something in return, even if it is a simple "thank you." If we give because we want to receive something in return, we are always opening ourselves to disappointment. This is giving with strings attached. Even if some one does give us something in return, it may not be what we expected. That can also be disappointing.

I believe that it is better to learn to give with no expectations except that our giving will help someone else. Our lives would have much more joy and peace if we allow ourselves to focus on the good our giving might bring to others. When giving itself is the reward, something amazing actually begins to happen. We do indeed start to receive as a result of our giving. It is the simple satisfaction that we have helped another human being to have a brighter day.

**Now that is successful living.** See whom you might help today without expecting anything in return. After helping someone without strings attached, look back over your week and think about the kind of week you have had. I would bet you that it has been filled with good things that you never expected!

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