FCC Gets Earful on Program Access

Agency's inquiry is part of larger look at diversity in pay TV lineups

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By: John Eggerton

TakeAway

The FCC is being pushed by some independent programmers to adopt new program-access regulations.

Washington — The Federal Communications Commission in February opened an inquiry into access by diverse programmers to distribution outlets, a call for information that has turned into a case of "everybody into the pool."

The FCC is looking at the issue from a couple of angles. One is via the Charter-Time Warner Cable merger review process. The other is the proposal to "unlock" set-top boxes, which chairman Tom Wheeler has signaled could give diverse programmers a better showcase via third-party devices or applications that wed OTT to the traditional platforms that some programmers argue are effectively foreclosed due to lack of shelf space.

The notice of inquiry is wide-ranging and has drawn a crowd of folks seeking more access and, on the other side, arguing that distribution platforms are already diverse and quickly multiplying.

REPLIES ARE PLENTIFUL

The comments ranged from broad discussions of the issue to specific complaints about carriers and carriage.

In the spirit of access, following are some examples from both sides of the aisle.

Comcast, the nation's largest cable operator, was a leading voice for a marketplace chock full of diversity and chances to show it off. It told the commission that content creators and programmers of independent and diverse content have more ways to reach consumers than ever, with skyrocketing opportunities on traditional and online platforms, with Comcast a party to that increase, not an obstruction.

Comcast said the FCC has neither a compelling policy reason nor plausible legal authority to get more involved than it is in carriage negotiations, and said the NOI "strains to see a glass half-empty, when in fact the glass is overflowing."

The National Association of Broadcasters conceded most of the issues involved MVPDs, but wanted to make sure it said its piece about bundled programming and tiering. The group said most broadcasters were independent programmers as the FCC was defining it.

As to whether bundled or tiered programming is putting independent programmers at a disadvantage, the answer was a definite no. The NAB said programmers don't have the market power to force bundling or tier placement terms on MVPDs, so regulating those would not boost diversity.

The NAB was not buying ISPs' arguments about capacity constraints: "MVPD channel capacity has expanded, and is continuing to expand, at an impressive rate, doubling roughly every 10 years. These technological developments undermine arguments by MVPDs that channel capacity constraints restrict in any significant way their ability to offer more diverse and/or independent programming today."

NO FAN OF TIERING

RFD-TV, which has a large fan base if the FCC deal docketis any gauge, took the opportunity to point out it was dropped from Verizon Communications's Fios TV in February. It also took aim at program bundling, which it said hurt its chances of distribution, and at tiering, which it said “often relegates [it] to more expensive tiers with lower penetration.”

Like a number of others, RFD-TV slammed most favored nation clauses and alternative distribution method clauses it said foreclose “creative distribution strategies.” While some view the NOI as the first step in fact-finding, RFD-TV wants the FCC to take concrete action ASAP, including launching a rulemaking to require MVPDs to devote a minimum percentage of capacity to independent programmers.
http://www.multichannel.com/fcc-gets-earful-program-access/404001
Multichannel News

Cable and Wireless: One Size Won’t Fit All

MSOs expected to take variety of paths to service convergence

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By: Jeff Baumgartner

CableLabs CEO Phil McKinney at the Inform[ed] Wireless conference: Consumers consumers “don’t want [their] broadband service to stop at the front door.”

TakeAway

Cable operators have many paths they can take toward the same destination: a wireless and mobile play.

New York — The cable industry seems destined for wired-wireless convergence as consumers demand access to services in the home and on the go, but how MSOs will get there is far from certain.

Creating a mobile virtual network operator (MVNO) in partnership with an existing wireless carrier might work for some, and there’s still plenty of speculation that a large player like Comcast could someday make a move to buy a T-Mobile or Sprint if the opportunity (and the price) were right.

Future wireless and mobile strategies for the cable industry, as well as game-shifting 5G technologies, were among the key themes discussed at last week’s Inform[ed] Wireless conference in New York, an inaugural one-day event hosted by CableLabs.

FASTEST-GROWING SEGMENT

Wireless and mobility are becoming increasingly important for cable, Phil McKinney, CableLabs's CEO, said, noting that those areas have become the fastest-growing segment at the R&D organization.

Beyond the ongoing Cable WiFi initiative, which continues to deploy hundreds of thousands of hotspots in various public and quasi-public venues, several MSOs around the world have worked out MVNO deals (General Communication Inc. of Alaska and Liberty Global, for example), operate their own mobile networks (Rogers Communications of Canada), or are mobile carriers at their core but are also expanding into cable (Vodafone, which now owns Kabel Deutschland of Germany and Ono of Spain).

"We're seeing this converged network," McKinney said, adding that consumers "don't want that broadband service to stop at the front door."

But how those strategies will evolve for many MSOs, particularly in the U.S., is still being sorted out and debated — a topic taken on by a panel led by two top industry analysts.

Though the wireless and mobile sector is heated and saturated, it gives cable a prime opportunity to seek opportunities that are adjacent to their existing businesses for a market that is about 2.5 times larger than the one cable's serving today.

"To me, it looks like an absolute no-brainer," Jonathan Chaplin, managing partner at New Street Research, said during the panel discussion.

He said he sees several ways cable MSOs can get into that market, including a WiFi-only approach; a WiFi-and-MVNO play; network sharing deals; building a network from scratch; and acquiring another provider.

Chaplin said WiFi-only is not a product. "My apologies to Cablevision [Systems]," he said, noting that the MSO has been travelling that path with its Freewheel service. "It's a niche product that goes after a very small part of the opportunity ... That's not exciting."

And building a network from scratch is too expensive. Cox Communications tried it, at great expense, and eventually threw in the towel. That leaves MVNO-focused strategies and acquisitions and partnerships among the most viable options for some MSOs.

Comcast already has the MVNO option available to it through deals with Sprint and Verizon Communications, and has begun to trigger its arrangement with Verizon, but has not announced what it will do next or when.

Chaplin said Comcast has little to lose here.

“It makes all the sense in the world to start leveraging that MVNO and to start testing the market,” he said, noting that Comcast could, for example, use that to learn more about how to position products, determine if it needs to have a big retail presence and how deeply it would need to subsidize the handsets.

“The economics are attractive enough,” Chaplin said, but warned that the MVNO structure Comcast would have to live with doesn’t give it much control over the product. “That’s not an ideal long-term strategy, either.”

But Comcast could use it as a “stepping stone” for a longer- term approach that gives it more control of the product and the relationship with the customer.

And, because of that, Chaplin said he also thinks it makes sense for Comcast to make a play in the upcoming spectrum auctions. If Comcast comes away with spectrum, particularly with blocks that provide national coverage, it would be in position to broaden its options.

Paul de Sa, vice president and senior analyst at Bernstein Research, held that cable is already a dominant carrier of residential wireless traffic, given its WiFi coverage in and out of homes.

But he also agreed that the cash for wireless is in the cellular/mobile industry, though cable operators can make some scratch here and there by providing non-subs with paid access to their WiFi networks or using WiFi to sell higher-speed broadband tiers. Plus, cable has already established a nice revenue stream with its wireless backhaul business.

While cable has a decent default position (doing nothing new), de Sa said during the panel that he also thinks MSOs must weigh the risks and rewards of entering the cellular mix having missed the growth market, and of jumping into a sector that is dominated by the four major carriers.

"It's difficult for fringe players to disrupt that [mobile market]," de Sa said, noting that cable would be pressed to enter that arena "without any compelling consumer proposition" given little evidence that a bundle with a wireless component gives much value to the provider. And simply competing on price won't be enough to move the needle much in what's now a saturated market.

ON THE FRINGES

He also said that while there aren't any right or wrong answers yet, aligning with Verizon under an MVNO deal is the obvious path for some operators despite the limitations with respect to product control that presents, as is aligning with a "fringe" player, like Google is doing with T-Mobile and Sprint for its Project Fi hybrid cellular/WiFi offering.

Buying a fringe player and attacking the duopoly of AT&T and Verizon is yet another option, if the price is right.

Any one of those choices is appealing, de Sa said, though "none are overly compelling."

"Staying neutral," he added, "is also not a bad option." In a panel later in the day, Rob Howald, senior vice president at Comcast, toed the company line when asked about the MSO's intentions with respect to the coming 600-MHz incentive auction.

Comcast, which previously said it will participate in the auctions, is “assessing [its] options carefully in that space,” Howald said, adding that the MSO is still doing its homework on any possible strategies it might go with.

But on a broader level, he said, any focus on cellular by Comcast is to “make sure that existing services are well complemented outside the home,” rather than worrying about some “magic” around a quad play offering that was once under consideration by various cable operators.

SIDEBAR: The Slow Road to 5G

NEW YORK — 5G, an emerging standard that represents a quantum leap over 4G/LTE, promises to enhance current mobile and wireless experiences in many ways.

A big one is a jump in the ability to deliver at least 10 Gigabits per second per cell. 5G will also facilitate the so-called Internet of Things, as well as critical apps and communications services that require super-low latency, such as autonomous, self-driving vehicles and other high forms of robotics.

Technically speaking, that low-latency element will be pushed forward by virtualization techniques that will allow for a more distributed network in which software apps are running at the edge.

5G standards are still being developed, and deployments aren’t expected to be underway until at least 2020.

Though some of those use cases can employ LTE, 5G offers a combination of capabilities that hit them all, Bob Berner, chief technology officer of Rogers Communications, said during a mid-day keynote at the Inform[ed] Wireless conference.

But the big question, he said, is whether there’s enough money in those markets to justify the economics in these high-band frequencies that can work over short ranges.

“Spectrum is the real estate of the mobile business,” Berner said. But the wireline business will also expand — a good sign for cable — because those wireless hubs still need to be connected to high-capacity terrestrial networks.

Berner also said 5G has the potential to play a role in cable operators’ networks, suggesting that a 5G small cell at the edge of the wired network could prevent having to run fiber all the way to the home.

In a follow up panel, Bjorn Ekelund, head of device technology and ecosystem at Ericsson Research, agreed that 5G is being viewed as a potential fiber replacement.

Another new characteristic that 5G will bring is the idea of “network slicing” — the ability to micromanage the network for specific use cases as they arise.

And though 5G standards are not yet cooked, “5G is really happening,” Ekelund insisted, pointing out that Ericsson has 21 field trial agreements in place with carriers.

In the meantime, 4G still has plenty of life left in it and will be complemented by 5G, Timothy Burke, vice president of strategic technology at Liberty Global, said.

Sidebar: Small Cells Equal Big Opportunity

New York — Even if cable operators stay out of the mobile service game to a large degree, they are well positioned to continue to make hay on backhauling them with their hybrid fiber/coax and fiber-only infrastructures, particularly with the increased need for small-cell infrastructures and 5G technologies on the horizon.

Small cells are factoring in as carriers and venues seek out ways to handle big, spikey data loads in concentrated, heavy-traffic areas that aren’t supported well by the macro cellular network.

Crown Castle owns 40,000 tower locations in the U.S. and, as part of a market expansion, now supports about 16,000 small cells, Phil Kelley, the company's senior vice president of corporate development and strategy, said.

And that demand will increase as mobile moves into 3.5-GHz and 5-GHz spectrum.

"It's backhaul, power and access," Jeremy Bye, vice president of carrier and wholesale at Cox Communications, said, noting that the MSO launched a small-cell service last year. "When you have all of those, it really fits well into our business model."
http://www.multichannel.com/cable-and-wireless-one-size-won-t-fit-all/404203
Multichannel News

Obama ‘Votes’ to Unlock Set-Tops

White House signals Wheeler plan is poster issue for new presidential initiative

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By: John Eggerton

TakeAway

President Obama made public his support for “unlocking” the cable set-top, and industry groups opposed to the measure accused him of pressuring the FCC.

Washington — When it comes to broadband issues, the FCC appears to have a fourth Democratic commissioner: Barack Obama. Last week, the White House called on Federal Communications Commission chairman Tom Wheeler to “open up set-top cable boxes to competition.” The president was preaching to the choir as Wheeler has already proposed to do that. But the administration move drew jeers from Internet-service providers that saw the move as compromising — they would say further compromising — the agency’s independence.

ECHOES OF TITLE II

The move evoked President Obama’s call on the FCC in 2014 to reclassify Internet access as a Title II service subject to common-carrier regulations, though in that case his support preceded the FCC’s pivot, at least publicly, toward that approach to network-neutrality rules.

But the White House’s online set-top pep rally signaled an even broader initiative. Jason Furman, the president’s chief economist, blogged that the set-top proposal was the “mascot” for a new team eff ort by agencies to promote competition, with Obama planning to use his executive-order powers to direct government agencies to take "specific, pro-competition executive actions that empower and inform consumers, workers, and entrepreneurs."

That would not include the FCC, which is an independent agency, but the commission now has its marching orders from the White House: Unlock the box.

Certainly that was the way that ISPs opposed to the proposal were seeing it last Friday.

The White House signaled its support in comments by the National Telecommunications & Information Association on April 14; then, at 6 a.m. the following day, it blogged its full-throated support of the set-top proposal, echoing talking points and statistics about set-tops.

Perhaps anticipating some major pushback, on the morning of April 14, National Cable & Telecommunications Association president and CEO Michael Powell hosted a demonstration of all the alternative navigation devices already in the market, making the point that the FCC's move was not only inadvisable but unwarranted.

That sentiment was clearly not shared on Pennsylvania Avenue. Furman said the president "was calling on the FCC to open up set-top cable boxes to competition," adding: "This will allow for companies to create new, innovative, higher-quality, lower-cost products. Instead of spending nearly $1,000 over four years to lease a set of behind-the-times boxes, American families will have options to own a device for much less money that will integrate everything they want — including their cable or satellite content, as well as online streaming apps — in one, easier-to-use gadget."

Powell called the White House's move good politics but bad government. Blogging not long after Furman did, he wrote: "Perhaps the strategists at the White House believe their intervention is good politics. But it is bad government, undermining the independence of the FCC and shattering any faith in impartiality and fundamental fairness. One would hope the FCC commissioners would resist being annexed by the executive branch. But that hope is sadly faint."

American Cable Association president Matt Polka added it was "disappointing that the administration would pass judgment without letting the independent agency process work and without considering the views of all interested parties, including small cable operators."

Over in the wireless ISP camp, USTelecom president Walter McCormick said the White House's disregard for the "integrity" of the rulemaking process was "appalling."

At the urging of companies including Google, a divided FCC voted Feb. 18 to approve Wheeler's proposal to "unlock" the cable set-top, letting third parties access the content and programming and integrate it into their own navigation devices and online video lineups.

CORE STREAMS TO UNLOCK

Wheeler has identified three "core" MVPD information streams that must be available to competitive devices or apps:

• Service discovery: Information about what programming is available to the consumer, such as the channel listing and video-on-demand lineup, and what is on those channels.
• Entitlements: Information about what a device is allowed to do with content, such as recording.
• Content delivery: The video programming itself.

Tech companies have long pushed for a common IP-based interface, buoyed by the National Broadband Plan's proposal of "initiat[ing] a proceeding to ensure that all multichannel video-programming distributors install a gateway device or equivalent functionality in all new subscriber homes and in all homes requiring replacement set-top boxes."

Cable operators countered that the result would be to deconstruct programming services in violation of copyrights, trademarks, contracts, licensing and other rights.

House: Block Broadband Rate Regs

Washington — A divided House has voted to block the Federal Communications Commission from imposing rate regulations on broadband service, both before the fact and through possible Open Internet order general-conduct standard reviews of practices like zero-rating and data-usage plans.

That's the good news for ISPs who strongly supported the bill. The bad news is that President Obama has signaled he will veto it.

The bill, HR 2666, the No Rate Regulation of Broadband Internet Access Act, was sponsored by Rep. Adam Kinzinger (R-Ill.) and passed out of a deeply divided committee before a deeply divided debate on the House floor last week.

Rep. Anna Eshoo (D-Calif.) said the debate was more about the general philosophical split over network-neutrality rules. Democrats say the rules are crucial to keep ISP gatekeepers in check; Republicans call them a solution in search of a problem, and one that will cause problems for innovation and investment.

FCC chairman Tom Wheeler — who has said Title II authority won't be used to regulate broadband rates — said the bill would gut the FCC's regulatory authority to enforce the net-neutrality rules.
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