BCAP NewsClips March 9, 2015

TV NewsCheck
No Limit In Sight For Retrans $

Philadelphia Inquirer
Could 'utility' regulation really hurt?

Christian Science Monitor
Sling TV adds more networks, offering an alternative to cable

Pittsburgh Post-Gazette
How do Gov. Wolf's Pennsylvania tax rates stack up against other states?

Pittsburgh Tribune-Review
Wolf's tax-a-palooza

Philadelphia Inquirer
Pa. Supreme Court to take up Kane's challenge to special prosecutor

Delaware County Daily Times
Editorial: Tough road ahead for Wolf, Pennsylvania lawmakers

pennlive.com
Op-ed: With this first budget, Gov. Wolf should let Pennsylvanians,

The challengers to YouTube have been in talks with programming suppliers such as Viacom Inc., Time Warner Inc., Comcast Corp. 's NBCUniversal and 21st Century Fox . They are all promising more generous revenue-sharing deals than YouTube, which lets content creators keep 55% of ad revenue, people familiar with the discussions say.

Facebook—which says it has three billion video views a day—offered at least one big media company roughly 65% of ad revenue and has told several other companies it can offer a higher share than Google, the people said. Media executives say Facebook has the potential to become a viable competitor to YouTube. Among Facebook's early deals are one with the National Football League that featured Verizon Wireless ads after video clips, and one with Fox Sports' Web show "TheBuzzer" that carried Nationwide insurance ads.

Sharing of ad revenue is only one aspect of such deals, media executives cautioned. Getting a better split with Facebook would mean little to media companies unless they could also guarantee their programming's ad inventory is sold at a premium price. Discussions with Facebook are still at an early stage, and it isn't clear whether media companies will get what they want. Vessel, which was founded by Jason Kilar, the longtime chief executive of streaming site Hulu, is offering media companies about 70% of the ad revenue for its coming short-form video service, plus a cut of the $3-a- month subscription fee, if Vessel gets the content exclusively when it is first released, people familiar with the discussions say.

Messaging service Snapchat, which launched the "Discover" content platform in January, offers at least some partners 70% of the ad revenue if they sell the ads and a 50-50 split if Snapchat does, according to people familiar with its terms. Scripps Networks Interactive Inc. says that in the first 12 days of its Food Network channel appearing on Discover, it received over 10 million unique visitors. A YouTube spokeswoman said YouTube's partners' revenue has increased 50% for each of the past three years. "We are thrilled that creators can find both large audiences as well as high growth revenue opportunities on YouTube." Vessel, Facebook and Snapchat

not government, lead the way

declined to comment.

Google must fend off the new rivals to generate profitable growth at YouTube, which had about $4 billion in revenue in 2014 but was “roughly break even,” The Wall Street Journal reported last month. Media firms acknowledge benefits from posting clips on YouTube. Reaching its huge audience—a billion users globally a month—helps promote TV shows even if the ad money generated isn’t meaningful for large media conglomerates, executives say. YouTube continues to secure premium video deals. It will host clips of the NCAA men’s basketball tournament, for example, and recently signed a deal with the NFL. Still, media companies are frustrated that Google insists on the same 55% revenue-sharing deal for them as for much smaller Web video creators.

NBCUniversal has been unable to reach an advertising deal with YouTube even though clips from NBC’s “The Tonight Show” starring Jimmy Fallon are a huge hit on the site. In the last couple of weeks, Scripps Networks terminated its YouTube revenue-sharing deal but left clips up to promote its TV brands, a person familiar with the matter said.

Virtually every major online video player is in the market for the kind of “premium” programming that traditional entertainment firms create. But media companies are reappraising how to license their content to digital outlets. They are deciding how much content to distribute via their own streaming services—such as NBCUniversal’s planned comedy service—and how much to put on other companies’ subscription or free, ad-supported platforms. Some view their early embrace of Netflix Inc. as a move that helped the streaming-video juggernaut take viewers away from traditional TV, cannibalizing their ratings. Media executives thought it “sounded like a good idea” at the time, but “now there are some serious misgivings about it,” said Steve Gigliotti, the chief revenue officer of Scripps. Netflix declined to comment. Some TV networks have said viewing past seasons on Netflix can help boost live-TV ratings.

There are some clear drawbacks to dealing with the new online video players. As a startup, Vessel has no user base, and some media firms aren’t comfortable with its demands. Vessel asked Time Warner’s TBS for clips of comedian Conan O’Brien’s show, for example, but it wanted that content restricted on YouTube, a person familiar with the matter said. Time Warner executives declined that deal. And Facebook faces questions over whether its advertising tactics will appeal to marketers. Early on, it has placed ads at the end of clips, but advertisers prefer Google’s “pre-roll” ads. Some firms want Facebook to try other ad formats such as overlays. Also, Facebook registers an “impression”— a viewing an advertiser must pay for—when a video appears on the screen, even if the person doesn’t watch it. Facebook counts it as an actual “view” if it plays for three seconds. – ***Wall Street Journal***

Corporate executives choose their words carefully at investor conferences hosted by the large investment banks, and analysts listen closely to decide whether to drive share prices up or down. Presentations are preceded by required securities-law disclosures, heightening the pressure to speak only carefully considered thoughts. With that in mind, consider what David Wells, chief financial officer of Netflix , said last week at the annual Morgan Stanley Technology, Media and Telecom Conference. He disclosed that Netflix, one of the few companies that advocated the most extreme form of Internet regulation, had lobbyist’s remorse only a week after the Federal Communications Commission voted to replace the open Internet with Obamanet. “Were we pleased it pushed to Title II?” Mr. Wells said to investors. “Probably not. We were hoping there might be a nonregulated solution.”

Title II is the part of the Communications Act of 1934 that bureaucrats used to exert near-total control over the AT&T telephone monopoly. The FCC recently did President Obama’s bidding by voting to impose that micromanagement on the Internet. The FCC will decide what prices and other terms online are “just and reasonable.” The agency added a new “general conduct” catchall provision giving itself oversight of Internet content and business models.

Netflix PR handlers claimed that Mr. Wells was just “trying to convey how our position had evolved.” But the company’s actions support Mr. Wells’s words. Last week, Netflix violated a core tenet of net neutrality when it launched its service in Australia as part of a “zero rating” offering by broadband providers, which excludes its video from data caps. Net neutrality advocates want to outlaw such deals. Netflix shrugged off this objection: “We won’t put our service or our members at a disadvantage.” Last year National Journal reported that Netflix was “relishing” its role as the lead lobbyist for net neutrality, “not only advocating a position that would protect its profits,” but “also earning goodwill from web activists and liberals.”

Today Netflix is a poster child for crony capitalism. When CEO Reed Hastings lobbied for Internet regulations, all he apparently really wanted was for regulators to tilt the scales in his direction with service providers. Or as Geoffrey Manne of the International Center for Law and Economics put it in Wired: “Did we really just enact 300 pages of legally questionable, enormously costly, transformative rules just to help Netflix in a trivial commercial spat?”

Ironically, Netflix could end up the biggest loser with a regulated Internet. The FCC did not stop at claiming power to regulate broadband providers. It will also review the interconnection agreements and network tools that allow the smooth functioning of the Internet—including delivery of Netflix videos, which take up one-third of broadband nationwide at peak times. Net-neutrality advocates oppose “fast lanes” on the Internet, arguing they put startups at a disadvantage.

Netflix could not operate without fast lanes and even built its own content-delivery network to reduce costs and improve quality. This approach will now be subject to the “just and reasonable” test. The FCC could force Netflix to open its proprietary delivery network to competitors and pay broadband providers a “fair” price for its share of usage. There’s no need for the FCC to override the free-market agreements that make the Internet work so well. Fast lanes like Netflix’s saved the Internet from being overwhelmed, and there is nothing wrong with the “zero cap” approach Netflix is using in Australia. Consumers benefit from lower-priced services.

The FCC still hasn’t made public its 300-plus pages of new regulations, but there is increasing opposition against changing the Internet as we know it. Last week John Perry Barlow, the Grateful Dead lyricist-turned-Internet-evangelist, participated in a conference call of Internet pioneers opposed to the FCC treating the Internet as a utility. He called the regulatory step “singular arrogance.”

In 1996 Mr. Barlow’s “Declaration of the Independence of Cyberspace” helped inspire a bipartisan consensus for the open Internet: “Governments of the Industrial World, you weary giants of flesh and steel, I come from Cyberspace, the new home of Mind. On behalf of the future, I ask you of the past to leave us alone. You are not welcome among us. You have no sovereignty where we gather.” The permissionless Internet succeeded beyond anyone’s expectations, becoming an unmatched outlet for creativity and innovation. Mr. Obama has defied the bipartisan consensus that made this possible. Unless Congress or the courts intervene, the future of the Internet will look like the past, when bureaucrats and lawyers, not visionaries and entrepreneurs, were in charge. – ***Wall Street Journal***

President Barack Obama says voter ID laws can be a barrier to voting, and the government needs a revitalized Voting Rights Act to police ballot box discrmination. Obama tells CBS' "Sunday Morning" that the Justice Department must have the right tools to go after a place that's discriminating against certain voters and

	fix the problem. The president also is troubled by photo ID requirements. He says that in some places, getting a photo ID can cost up to $150 - and that can be a burden for someone who's on a fixed income and not driving anymore and doesn't have a license. A Supreme Court ruling in 2013 eliminated the Justice Department's ability under the Voting Rights Act to identify and stop potentially discriminatory voting laws before they took effect. – ***Associated Press***

BCAP

Broadband
Cable Association
of Pennsylvania

127 State Street, Harrisburg, PA 17101
717.214.2000 • bcapa.com

First in Broadband.
The Future of Broadband.®