Confirm your registration and sponsorship. More at bcapa.com

BCAP NewsClips

September 16, 2014

New York Times
F.C.C. Revisits Net Neutrality Exemption for Mobile Broadband

Bloomberg
Netflix Built on 'House of Cards' Tested by Europe Shows

Washington Times
Editorial: 'Net neutrality' is neither neutral nor a guarantee of 'open' Internet

Wall Street Journal
A+E Networks Brings Loft Feel to Midtown Manhattan (registration may be required)

The Federal Communications Commission said Monday it has received a record three million comments on proposed rules for how broadband providers must treat traffic flowing over their networks, driven by advocacy campaigns on both sides and public interest in the issue.

Comments on the FCC rules, which must be submitted by midnight Monday, have far surpassed the more than two million comments the commission received on its plan to relax media ownership rules in 2003.
The FCC's proposed rules would ban broadband providers from blocking or slowing down websites, but open the door for content companies to pay for special access to consumers, essentially creating faster premium lanes. The proposal has generated a backlash from proponents of net neutrality, the principle that all Internet traffic should be treated equally. Many of the three million comments urge the FCC to ban such special deals, known as paid prioritization. "The U.S. government should ensure that entrepreneurs do not face arbitrary roadblocks that limit their potential to build products and services on the Internet," National Venture Capital Association President Bobby Franklin said. "If the FCC were to allow this, it would create a competitive advantage for well-established companies while disadvantaging entrepreneurs."

Many net-neutrality backers have called for the FCC to reclassify broadband service as a utility under telecommunications law, which would subject it to greater regulation. Proponents of reclassification argue it is the only way to make net-neutrality regulations stick, after a federal court threw out the FCC's last two attempts at enforcing net neutrality. But the broadband providers and their allies have blasted reclassification as a surefire way to curtail investment in faster broadband networks.

Many of the nation's largest broadband providers weighed in on Monday ahead of the deadline for reply comments, stating again that they have no interest in segregating the Internet into fast and slow lanes. They were also uniformly against reclassification, pointing to the billions of dollars that have been invested in upgrading U.S. broadband networks in recent years. AT&T Inc. in its comments said it doesn't oppose the FCC's proposed rules, but "continues to believe that concerns about paid prioritization are vastly overstated."

Comcast Corp. Executive Vice President David L. Cohen **suggested in a blog post** Monday that the FCC would face a lengthy legal challenge if it were to attempt reclassification. "Reclassifying services that for over a decade have been lightly regulated…is also factually unsupported and likely legally invalid," Mr. Cohen wrote. "The bottom line is that there is essentially no upside gained by reclassification—there is only

pennlive.com
Pennsylvania Legislature returns, quietly, for fall session days

Pittsburgh Post-Gazette
Pennsylvania to lend itself up to $1.5B because of low cash flow

substantial risk of harm."

FCC Chairman Tom Wheeler has indicated he would prefer to avoid reclassification, repeatedly emphasizing his belief that competition lessens the need for heavy-handed regulation. But Mr. Wheeler also has argued that the broadband market isn't competitive as it stands, and that consumers typically don't have more than one or two options for high-speed home Internet access. Mr. Wheeler did suggest a shift on one crucial issue last week on whether proposed rules should cover wireless networks. The FCC largely exempted wireless providers from its previous net-neutrality rules in 2010, and Mr. Wheeler's proposal as it stands does the same. However, last week at the CTIA Show, a wireless industry convention in Las Vegas, Mr. Wheeler said the market has changed significantly since 2010, noting that smartphones and tablets have become a crucial connection to the Internet for millions of Americans.

It remains unclear whether the FCC actually plans to ban paid prioritization on wireless networks, or is using the threat to discourage wireless providers from throttling heavy data users, a practice Mr. Wheeler has publicly criticized in recent weeks. CTIA-The Wireless Association argued that mobile providers face unique demands compared with wired broadband networks, and shouldn't be covered by the proposed rules. "Mobile is different than fixed; mobile providers need more flexibility to manage their networks and continue to develop innovative product offerings," CTIA said in its comments. "Application of the same rules to fixed and mobile platforms would only inhibit innovation and remove consumer choice from the mobile market." – ***Wall Street Journal***

The more data that emerges regarding the streaming video player category, the less clear it is just who is on top. The latest sprinkling of data points carefully designed to make a company look robust without actually revealing too much came from Roku Tuesday, which disclosed reaching the 10-million-unit sales mark in the U.S. since launching in 2008.

That nice round number probably brought to mind Apple CEO Tim Cook , who in April revealed that rival product Apple TV had reached a global installed base of 20 million, which had generated $1 billion in revenues for the company last year. But Apple TV and Roku don't have the streaming device marketplace to themselves anymore, according to data issued earlier this month from NPD Group's retail tracking service (based on a survey of 5,000 U.S. consumers). The emergence of Google's Chromecast on NPD's radar for the first time in the second quarter of the year reduced U.S. market share for the category leaders.

Apple TV saw its share drop from 46% in the second quarter last year to 39% in 2014. Roku had a slightly smaller dip, from 33% to 28%. Both of their drops were on account of Chromecast grabbing 16% share. Keep in mind last year IHS pegged Roku and Apple TV's combined market share at 94%. Yet it's too early to draw any conclusions because this is quickly becoming a four-player race where all three incumbents could see share drop further next quarter, when sales of Amazon's Fire TV are tracked for the first time.

Not to be outdone, Roku also shared an NPD Group stat Tuesday that makes a more direct comparison: The purple box served an aggregate 37 million hours of video streamed per week compared to Apple TV at 15 million hours, Chromecast at 12 million hours and Amazon Fire TV at six million hours. Can't get a clearer sense of what the competitive set is than that, right? But time is a tricky metric. Consider a damning Parks Associates estimate made in June that found a declining percentage in the number of Chromecast users using the device at least once a month. Google responded the following month at its I/O conference with a different data point suggesting the total number of minutes Chromecast is being used shot up 40% from last year.

Both points could be true: While the overall number of Chromecast buyers are using it less, the core user base is more engaged than ever. Parks also issued a worrisome indicator for Chromecast in June that Q1 sales of Chromecast had remained flat from the

two previous quarters, with just 6% of U.S. broadband households buying Chromecast. That figure held steady even as the usage of streaming media players overall is on the rise.

Moreover, Parks estimated in July that Google sold 3.8 million Chromecast units over the previous 12 months worldwide, on par with how many units Roku sold in all of 2013. Apple TV sold just over 2 million last year. Chromecast is available in 19 countries as of July, significantly more than Roku, which is just in four countries, while Apple TV is in far more than both competitors combined. Chromecast was also likely the culprit for the pronounced decrease in the average price of a streaming media player, which went from $88 in 2012 to $61 in the first half of 2014, according to NPD. A big factor in Chromecast's ability to move the volume of units it did was its cheap $35 price tag, which in turn prompted newer, cheaper devices in the market like Roku's $49 HDMI stick.

Another research firm, IHS, estimates 24 million units as the installed base for streaming media players in the U.S. this year, comprising nearly half of the 50 million total worldwide. That's up from 16 million the previous year and expected to climb to 44 million by 2017. Streaming media devices are distinct from Blu-Ray players, game consoles and connected TVs, which altogether are expected to reach 213 million by 2017. All of the other segments are still more pervasive than streaming devices. As of the first quarter of 2014, according to Parks, 20% of U.S. broadband households use streaming media players, up from 14% in 2012. When consoles, connected TVs and Blu-Ray players are added in, that' number is near 70%. Of course, with all the attention now on this sector, the question in the years to come is what use devices that attach to TVs to allow for streaming when an increasing number of smart TVs come with that capability baked in? Until then, there's a short-term horse race worth watching. – ***Variety***

Time Warner Cable has agreed to broadcast the final week of the Los Angeles Dodgers' regular season baseball on local broadcast station KDOC. The move -- in a show of goodwill to Los Angeles area baseball fans -- enables millions of viewers throughout the region to watch the final six games of the regular season. The Dodgers are locked in a tight race to clinch the National League West Division title.

For much of the season, millions of Dodgers fans have been unable to see much of the action because Time Warner Cable is the only major pay-TV distributor in the region that offers sports channel Sports Net LA, which carries the Dodgers games. On Monday, Time Warner Cable said it has secured an agreement to broadcast the final week of Dodger games, beginning on Sept. 22, on the independent broadcast station KDOC. Legendary broadcaster Vin Scully will call the games. KDOC is carried by cable and satellite operators, including DirecTV, Dish Network, Charter Communications, Verizon FiOS and AT&T U-Verse.

Fans who do not have a pay-TV subscription can receive the station over the air with an antenna. The final six games, including a series against rival San Francisco Giants, could determine whether the Dodgers make the post-season playoffs and have a chance to win the World Series. The games also will be simulcast on the cable channel owned by the Dodgers, SportsNet LA. “Time Warner Cable is part of this community and we’re Dodger fans too,” said Dinni Jain, Time Warner Cable’s chief operating officer. “Angelenos love their Dodgers, and we’re happy to give them a way to watch their beloved team during this pennant chase.” – ***Los Angeles Times***

BCAP
Broadband
Cable Association
of Pennsylvania

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

First in Broadband.
The Future of Broadband.®