



Why the FCC's Set-Top Box Mandate is Backwards-Looking, Unnecessary, and Harmful to Consumers

The Future of TV is Apps, Not Boxes

Consumers have never had more choices for different video services, packages and devices. From TV providers to streaming services like Netflix, Amazon and Hulu to “skinny bundles” via SlingTV and Sony VUE, apps are revolutionizing the way consumers can enjoy content at home and on the go. Apps from TV providers are now available alongside apps from streaming services on more than 460 million consumer-owned devices, and the marketplace is already producing new set-top alternatives, like Roku, that let consumers search across apps and explore their abundant TV choices. Instead of encouraging this evolution away from set-top boxes, the proposed set-top mandate will stall innovation and require a government-approved device in every customer’s home – more boxes, not fewer.

A Bad Deal for Consumers: Higher Bills, More Boxes, Less Privacy

This proposal will drive up consumer bills by requiring TV providers to re-engineer their networks and develop a new in-home box to comply with government-mandated technical standards. The proposal also lets tech giants like Google subject viewers to new layers of advertising, and to start tracking customers’ personal viewing habits without the protection of the strong federal privacy laws that cover TV providers. Meanwhile, small and independent programmers say the proposal could devastate their networks, reducing the diversity and quality of programming options available to viewers.

A Threat to Diversity on Television

Small, independent, and diverse networks are particularly vulnerable to the revenue losses, channel dislocation, and other harms that the mandate will cause. As Alfred Liggins, the CEO of TV One, explained in a recent op-ed, the rule could also lead to “digital ‘redlining’ that could bury diversity programming in the farthest reaches of the program guide.”

Some have argued that the proposed mandate could increase diversity on TV by promoting streaming services. But entrepreneurs are already free to launch new digital channels with few if any barriers to entry, and the apps revolution has made these options easily accessible on hundreds of millions of app-enabled consumer devices. Enjoying these innovative new streaming services doesn’t need to come at the cost of tearing down the full-fledged networks already serving diverse communities today.

A Sweetheart Deal for Google, Paid for by Viewers

Google doesn’t need a government subsidy or handout to deliver video services. Any company that wants to can negotiate for programming rights and launch their own competitive service, just as Sony, Netflix, and hundreds of others do today. But rather than competing, Google is lobbying the FCC for a unprecedented giveaway that will let them poach existing license arrangements and repackage TV content into their own products without having to pay content owners or honor the contracts negotiated by programmers and distributors. It’s a huge government handout to one of the wealthiest companies in the world, with viewers paying the price.