TheFutureOfTV

Myths vs. Realities:
Correcting the Record in the Set-Top Box Debate

MYTH #1: Consumers have no choices for set-top box alternatives.

The Reality:

Apps from TV providers are already available on more than **460 million** consumer-owned devices:

- TiVo boxes already offer apps from streaming providers like Netflix and Amazon alongside linear pay-TV programming – often with **integrated search**.
- A growing number of TV providers offer apps on Roku streaming devices that allow customers to watch their TV service **without any leased set-top box** at all.
- Comcast recently announced an Xfinity TV Partner Program that will make its full service available on Roku devices, Samsung smart TVs, and other devices that meet basic specifications – **without requiring any set-top box**.

MYTH #2: The proposed rule upholds licensing agreements, protects copyright, and prohibits extra advertising.

The Reality:

Programmers and content creators have warned that this rule would allow their creative works to be unfairly exploited and devalued by tech companies. But it isn't just opponents of the proposal sounding the alarm – supporters of this mandate have openly admitted they plan to ignore licensing agreements, insert additional advertising, and profit from copyrighted works without permission from or payment to content owners.

- The Google-led "Consumer Video Choice Coalition" argues that device makers will NOT be bound by negotiated licensing agreements: *"Makers and marketers of competitive devices **cannot be expected to respect** private, secret, and temporary pacts between and among [TV distributors] and content owners."*
- TiVo's CTO Joe Weber admitted that third party device makers would indeed be able to **interfere with the advertising** embedded in the data streams "unlocked" by the FCC's mandate, but said this shouldn't cause concern. *"Protecting copyright is really about protecting monopolies,"* Weber argued, according to *Comm Daily*.
- Despite Chairman Wheeler's promises that the proposal would ban extra advertising, the NPRM **affirmatively chooses NOT to prohibit extra advertising**, declaring: *"[We] do not believe it is necessary for us to propose any rules to address these issues."*

MYTH #3: The proposed mandate has widespread support, and the only real opposition is from cable companies.

The Reality:

The proposed mandate has met with **an overwhelming outcry of concern & opposition** from content creators, diverse and independent programmers, artists, labor unions, diversity advocates, TV providers, tech innovators, economists, policy experts, more than 150 bipartisan Members of Congress, and more than 70,000 concerned consumers.

- The **creative community** is overwhelmingly opposed to the mandate.
- The **labor community** voiced strong concerns about the mandate's impact on jobs.
- Advocates for **communities of color**, plus 30 Members of the Congressional Black Caucus and more than a dozen members of the Congressional Hispanic Caucus, have sounded the alarm.
- By contrast, the key members of the so-called "Consumer Video Choice Coalition" are **Google**, **Google** business partners, and **Google**-funded trade associations.

MYTH #4: The FCC mandate won't require a second in-home box.

The Reality:

One of the few things that both opponents **AND** supporters of the proposal can agree on is that it **WILL** require customers to lease and install a second in-home device if they want to purchase and use a third-party set-top box.

- Sidney Skjei, a veteran telecom engineering expert, reported to the FCC: "As a practical matter, the FCC proposal **will require** cable operators to create a new in-home termination device for a two-box solution to connect to a new retail box."
- Even Public Knowledge, a leading advocate for Chairman Wheeler's proposal, **has admitted** that customers will need an additional new device in their home to enable a third-party box or app to access providers' video streams: "*You're probably in the short term going to need something in the house,"* Public Knowledge's John Bergmayer told *Tech Hive. "It's just sort of an open question of exactly what that device would be."*
- The proposal will "lock in the box" instead of advancing apps-based television.

MYTH #5: Apps that make TV programming available on streaming devices or smart TVs prove the FCC's proposal can work.

The Reality:

Comcast's recently announced boxless apps – and the market-driven, app-based solutions offered by other providers – bear no resemblance to proposed mandate:

- App-driven solutions **preserve** the contractual tools TV providers use to protect consumer privacy and honor licensing terms negotiated with content creators.
- The proposed FCC mandate specifically **rejects** these contractual relationships, freeing tech companies to ignore negotiated content licensing agreements, add new layers of advertising, and track and monetize consumers' private viewing data.
- The FCC proposal **undermines** app-driven innovation by banning providers from adding new features to their apps unless they're compatible with all retail devices.

MYTH #6: The FCC proposal protects consumer privacy.

The Reality:

- Cable & satellite customers are **protected by federal privacy laws** that prohibit their TV providers from unilaterally selling or disclosing customers' personal viewing data. Consumers have the right to sue in federal court if providers break the law.
- Third-party device or app makers, such as Google, **aren't covered by these laws** – and the FCC doesn't have the authority to change that.
- Instead, the FCC has proposed **a vague "self-certification" plan** that would trust companies like Google to voluntarily pledge to follow the same rules as TV providers.
- Neither the FCC nor TV providers would have any way to verify or enforce these promises. Privacy advocates say this "**fails to meaningfully protect consumers**."
- Now, mandate advocates are claiming the FTC can police these self-certifications. But FCC staff has argued that the FTC doesn't have the expertise to regulate in the telecom space – and even if it did, consumers still wouldn't have any private right of action against device makers that violated their **empty promises**.

MYTH #7: New "open standards" can be developed within a year.

The Reality:

The technical standards under which the "three information streams" would be delivered have not even been invented yet – and that process will take years.

- While Google claims new standards could be finalized within one year, the Digital Living Network Alliance (DLNA) – the very authority cited by Google's lobbyists – has **thoroughly debunked** this claim.
- DLNA reports that the FCC proposal is "**materially different**" than the existing VidiPath standard, and that developing a new standard would take **several years**.
- For comparison, it took a decade to develop the HTML5 open standard, six years to develop specifications for CableCARD, and nine years to finalize the 1394 spec.
- The FCC proposal suggests that if new, consensus standards aren't final in two years, Google's proposed specifications could be automatically enacted. These ground rules are clearly **stacking the deck** to guarantee a rigged result.

MYTH #8: The proposal will make diverse content more "accessible."

The Reality:

The FCC's proposal won't grant viewers legal access to any content that isn't already available to them – and the suggestion that web-based video services are somehow "inaccessible" today is simply absurd.

- Netflix has **45 million subscribers** in the US – more than any TV provider.
- According to recent surveys, more than 60% of all Americans **have already connected their TV to the Internet**, either directly or through plug-in devices like Chromecast, which is widely available at retail for $35 or less.
- It's clear that customers who want to watch web-based content on their TV **face no obstacles** in today's marketplace.
- The challenge facing diverse streaming services isn't accessibility – it's revenue. Second-class distribution options like YouTube just don't offer creators revenue streams comparable to the carriage model the proposal **actively undermines**.

MYTH #9: Cable companies themselves suggested this idea in 2010.

The Reality:

The principles laid out in a 2010 NCTA letter frequently referenced by Chairman Wheeler are consistent with the **apps-driven approach** that TV providers have already embraced – NOT with the FCC's current effort to mandate Google-authored technical specs.

- The 2010 letter calls for boxless alternatives, such as the Roku apps offered by Charter, Time Warner Cable, and Comcast. The FCC mandate, by contrast, requires an additional box in customers' homes – **more boxes, not fewer**.
- The 2010 letter calls for TV services to be delivered through Internet-connected devices – today, **460 million devices** are already compatible with provider apps.
- The 2010 letter calls for "private sector solutions, **not government technology mandates**" – expressly rejecting the approach the FCC now proposes.

MYTH #10: An FCC mandate is needed to allow integrated search.

The Reality:

- Integrated search is **already available in the marketplace** today, in devices such at TiVo boxes or Roku – so clearly a new federal mandate isn't required to enable it.
- The proposed mandate can't deliver on the promise of "integrated search" because it doesn't even apply to Netflix, Hulu, or any other over-the-top services with **closed apps**. It only promises to "unlock" pay-TV services, not OTT competitors.