

Many Roads Lead to Net Neutrality

FCC Kicks Tires On Host Of Options, Including Hybrid Approach

10/13/2014 8:00 AM Eastern

By: [John Eggerton](#)

TakeAway

As its net neutrality forums wrap up, the FCC may be considering a hybrid approach to regulating high-speed Internet access.

WASHINGTON — The Federal Communications Commission has wrapped up its Internet neutrality forums with plenty to contemplate, including a variety of cures for what the agency believes is ailing the Internet.

Among those cures is a hybrid version of net neutrality applying rules based on both Title II and Section 706 of the Telecommunications Act — the former to traffic between ISPs and edge providers, the latter to the “last-mile” connection between Internet service providers and subscribers.

The FCC’s final net-neutrality forum last week focused on legal options for restoring new rules, so Title II vs. Section 706 got a lot of attention, but so did hybrid models.

The forum started out well for cable operators backing regulation under Section 706, which authorizes the FCC to determine whether “advanced telecommunications capability” — i.e., broadband — is being deployed to all Americans in a reasonable and timely fashion.

‘SUBSTANTIVE POWER’

FCC general counsel Jonathan Sallet said that according to his reading of the U.S. Court of Appeals for the D.C. Circuit’s decision overturning the agency’s

2010 Open Internet Order, the agency had “substantive power” under that section to protect the “virtuous circle” of innovation and broadband adoption.

But the court also talked about ISPs as a threat to Internet openness, Sallet added.

The options the FCC appears to be considering include using that Section 706 authority, as FCC chairman Tom Wheeler initially proposed; reclassifying ISPs as common carriers akin to incumbent phone companies under Title II of the Telecom Act; or perhaps some combination of the two.

One proposal is a Title II “insurance” option in which the FCC would reclassify ISPs under Title II, but forbearing all common-carrier regulations and restoring the no-blocking and no unreasonable discrimination rules under Section 706 instead. If a court threw out the rules — as it did in 2010 — the FCC could un-forbear Title II and justify them that way.

Another option would be to “split the baby,” something the FCC did not do the first time around. That would be to classify the relationship between the ISPs and users under Section 706 information-services regulations, but classify the relationship between ISPs and edge providers as a common-carrier telecom service under Title II.

Others are pushing a proposal that would reclassify the link under Title II, but would forbear most of those regulations. Another proposal by AT&T does not involve Title II, but would effectively ban paid prioritization by ISPs, or at least set a very high bar, while allowing for user-directed priority.

But anything with Title II on it might as well be marked “poison” as far as ISPs and their allies are concerned.

Wheeler has proposed a Section 706 approach to the new rules that would disallow blocking but allow for commercially reasonable discrimination beyond a baseline of level service. The court signaled that a flat ban on prioritization would be hard to sustain under Section 706, because it smacked of common carriage (Title II) regulation.

Tim Wu, the Columbia University Law School professor generally acknowledged as having coined the term “net neutrality,” argued for a hybrid approach, which he said had the best chance of being legally sustainable.

The FCC has previously found that Internet access could not be separated into transmission and content, but Wu said that so called “sender-side” relationships give the FCC a chance to weigh in for the first time on what the ISP/edge relationship is. That means it could classify that as a telecom service under Title II with low legal risk because it would likely get so-called Chevron deference (that is, federal judges’ general deference to expert agencies) from the courts for making that call, Wu said.

Gus Hurwitz, assistant professor of law at the Nebraska College of Law, had issues with the hybrid approach. He said it was legally plausible, but not sound. He suggested Chevron deference from the courts is hardly a given, pointing out that the definition of that deference was evolving.

‘BRAND X’ PRECEDENT

Thomas Navin, a partner at Wiley Rein and former chief of the FCC’s Wireline Competition Bureau, said the Supreme Court had already weighed in on the definition of ISP in its 2005 *Brand X Internet Services vs. FCC* ruling, which said federal regulators could block competing ISPs from their networks.

“The Brand X decision sustained the commission’s determination that what the wireline broadband Internet access provider is providing to the end user customer is an information service, not a telecommunications service, and that’s significant,” he said. “I don’t think you’d be able to get by that obstacle.”
- See more at: <http://www.multichannel.com/many-roads-lead-net-neutrality/384655#sthash.hz1dqC16.dpuf>

Measuring Up

In Nielsen's Shadow, Rival Rentrak Builds Momentum 10/13/2014 8:00 AM Eastern

By: **Mike Farrell**

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TakeAway

Using data gleaned from providers' set-tops and other demographic information, Rentrak is building a challenger to Nielsen's dominant TV-ratings service.

Rentrak vice chairman and CEO Bill Livek has one person to thank for the moment that put the fledgling Nielsen competitor on the map: Barack Obama.

It was the 2012 presidential campaign, after all, in which President Obama's handlers selectively purchased advertising on networks based primarily on set-top box data, getting the message to young voters by buying time on shows not traditionally associated with that demographic.

"Obama put us on the map," Livek said. "They [the Obama campaign] bought TV very, very differently. They bought television shows that you wouldn't buy if you seek an 18-plus audience or a voting-age audience.

"Here they were buying programming like *The Andy Griffith Show* on TV Land, inventory that was completely mispriced for political," he recalled. "That story replicates itself time and time again in other verticals."

Rentrak, a 34-year-old company based in Portland, Ore., had already signed a few big clients, but Obama's win insured a bluechip list of TV giants, including NBC, CBS, Fox and ABC owned-and-operated stations across the country.

And the list keeps growing. Last week, Rentrak struck two deals with units of ad behemoth WPP: An agreement to purchase the U.S.-based TV assets of its Kantar Media division, as well as a deal with ad buyer GroupM to provide local and national data tools. The deals come literally

on the heels of an agreement with Zenith Media, a unit of communications behemoth Publicis Groupe, which announced it will be testing Rentrak data in several markets as the basis for planning and buying local ads for Zenith's clients. With those deals, Rentrak says it has contracts with all of the largest ad agency holding companies.

The Kantar Media deal, valued at about \$98 million in Rentrak stock, will give the company a stronger presence in local and national TV measurement. With GroupM, Rentrak gains a client with about \$105 billion in global ad billings that also shapes the relationship between TV networks and advertisers — GroupM led the push for C-plus-3 ratings, now the industry standard, in 2007.

At Rentrak's Oct. 9 Investor Day in New York, GroupM global chairman Irwin Gotlieb hinted that the Rentrak deal could signal further changes in the overall industry.

Speaking via satellite from San Francisco, Gotlieb said that the TV landscape has changed dramatically over the past 10 to 20 years, yet viewership is measured using technology developed 50 to 60 years ago.

“If we're going to have addressable TV, if we're going to understand the intersection between media consumption and product consumption, if we're going to have highly refined targeting, we have to move from sample methodology to census-based data,” Gotlieb said. “There just isn't a choice in the matter.”

RAMPING UP RATINGS

With these deals and more, Rentrak is on the cusp of moving its TV ratings business to the next level. The company estimates that its TV-ratings business, which in 2009 accounted for less than \$1 million in revenue, will top \$56 million in fiscal 2015, an 80% increase from fiscal 2014's \$31 million in sales and growing the number of TV stations and cable networks it calls clients exponentially.

Wall Street is taking notice. Rentrak stock, once thought primarily as a takeover play (largely by bigger Nielsen), is now being bought on fundamentals and potential for future organic growth. The shares, which traded at about \$72.07 per share on Oct. 9, are up 90% since the beginning of the year and have more than quadrupled from about \$17 each five years ago.

New customers and new products on the horizon — including a planned overnight-ratings offering that would be a direct challenge to Nielsen — are expected to fuel that growth.

Rentrak initially made its mark by offering movie box-office results and video-on-demand viewership data, but its TV-measurement business will be the growth driver for the foreseeable future, Needham & Co. media analyst Laura Martin predicted.

Rentrak has added 117 television stations as clients in the last four quarters, and represents about 60 station groups with a total of 350 broadcast properties. Roughly 90 cable networks use Rentrak data — mostly channels too small to be rated by Nielsen — but that is about to change.

Rentrak could grow its cable client list to about 400 channels in the near future, Martin estimated, including some of the top 100 channels currently rated by Nielsen. And one of Rentrak's biggest advantages — its services are priced at about 25% of Nielsen's rate card — is helping drive growth, she said. About 100 of Rentrak's TV-station clients have "stopped paying Nielsen entirely," Martin estimated.

Rentrak's emergence also is a signal of how much the media measurement game has changed in the past several years. Once the exclusive domain of Nielsen, whose overnight, age and gender ratings data have determined which shows live or die since the beginning of television, advertisers are seeking more detailed information on who is watching.

'BIG DATA' NEEDS

The advent of TV Everywhere, online and mobile video and social media has fueled the rising need for big data — demographics, household income and buying habits gleaned from millions of set-top boxes and other sources.

Unlike Nielsen, which gathers data from a sample of about 20,000 to 25,000 households around the country handpicked for the privilege, Rentrak gets its info from 26 million homes, representing about 60 million TV sets, from satellite TV providers DirecTV and Dish Network, telco AT&T and such cable operators as Charter Communications and Cox Communications.

Rentrak then takes that information, filters, crunches and extrapolates it, and combines it with such data points as household income and retail buying habits to present a total profile to clients. So while some advertisers may be content on getting data on whether a show is being watched

by a key male or female age demographic, Rentrak customers are shown which shows are being watched by households with incomes over \$200,000 annually who have bought a BMW in the past five years. It is a level of granularity that is becoming more and more commonplace.

While Nielsen's data sample is smaller, it is also more representative, according to the company. And through its Buy and Watch segments, Nielsen too can provide clients — for an additional cost — with more detailed buying habit and income information.

Nielsen also has embraced social media: It tracks mobile TV viewing via a relationship with Facebook and TV-related conversations through a partnership with Twitter.

“Whether its social impact, over the top, over the air — because 10% of the country watches an over-the-air signal — or mobile or a tablet, cable or satellite, we measure it all,” Nielsen senior vice president of local media product leadership Farshad Family said.

ROOM FOR TWO?

While the two companies are obviously targeting the same universe of customers, they both believe they can happily coexist, perhaps even cooperate.

“The important question is where is this [measurement] headed,” said Nielsen executive vice president and managing director of local media Matt O’Grady. “Digital viewing and traditional linear viewing of video and TV are colliding, and so the measurement is colliding as well between big data and panels.”

He said Nielsen continues to work with big data and that mobile and tablet measurement is dependent upon effective use of big data.

But O’Grady stressed that big data is not a replacement for panel data, which gives the age and sex of a viewer. “There will always be a gold-standard high quality panel to use in conjunction with a big data source,” he said.

In 2011, Viacom had a highly publicized ratings spat with Nielsen, giving Rentrak the chance to show how its set-top data could be dramatically different from Nielsen’s panel method. “Not necessarily a watershed event, but it was supportive of the need for two [measurement companies],” Livek said.

Nielsen is still by far the world leader in providing TV-measurement data and it too offers clients a treasure trove of demographic, household and other data that sets the tone for the \$70 billion U.S. TV ad market.

And though Rentrak is moving the measurement conversation toward more granular data, it's still a long way from ever surpassing the TV-ratings champ.

With about \$5.7 billion in revenue in fiscal 2013, Nielsen also dwarfs Rentrak, with fiscal 2014 sales of \$75.6 million, financially. Even with the exponential growth rates expected by Wunderlich Securities media analyst Matt Harrigan over the next five years — he estimates 2021 sales of \$475.2 million — Rentrak still would be less than one-tenth the size of Nielsen.

TRACKING TIMESHIFTING

Nielsen is grappling with shifting viewing habits and advertisers who are looking for ratings that reflect the propensity of most TV watchers to time-shift. Already the industry has adopted a C-plus-3 rating benchmark, which tracks viewership for the three days after a program originally airs.

As so-called “appointment TV” is being pushed further aside by DVRs, tablets, computers and smartphones, other networks and broadcasters have lobbied for a C-plus-7 rating -- which Nielsen also provides -- that would track viewership for seven days after a program originally airs.

While Nielsen argues that appointment TV is certainly not dead — according to its research, the vast majority of television viewing is still done live — it is not ignoring the changing landscape. The company has launched its own mobile measurement product which measures viewership on tablets and smartphones and is readying an approach to track viewership outside of the home — on tablets, computers, mobile devices and even in restaurants and bars — using portable people meters, or devices that hook onto a respondents belt or purse and track their TV viewing.

Nielsen began testing the devices — used for about a decade by Arbitron (now Nielsen Audio) to track radio listeners — for gauging out-of-home TV viewership in the Chicago market earlier this year, with encouraging results. It is currently figuring out its plans to move forward with the service in the near future.

“The market is headed to a place where the advertisers want to understand their audiences in a much more detailed, nuanced way,” O’Grady said. Nielsen this year introduced Local Buyer Reach, which includes purchasing information from 40 different categories including automotive, retail shopping and grocery sales. It has received strong interest, he said.

But Nielsen is still hampered by its sample approach, Harrigan said. “For the local markets, it’s just absurdly small.”

THINKING LOCALLY

“In Portland, there are probably 800 [Nielsen] meters, where Rentrak would literally have hundreds of thousands of TVs that we look at. Of those 800 people, if 25 go on vacation or are not watching the news, you will see a big dip in the ratings,” Rentrak corporate president Cathy Hetzel said. “We don’t have a ratings bounce because we have such a massive and stable database.”

Zenith Media chief data officer Rob Jayson said while the agency will continue to use Nielsen data in some markets; the intention is to eventually move to Rentrak data exclusively and is testing using the Rentrak data in several markets. While he said that could pose some risk, “the upside for this is immense. The downside, which is sticking with a broken system that we don’t believe serves our clients’ interest, is also big.”

Zenith Media is part of Zenith Optimedia, which has more than 7,400 employees in 262 offices across 74 countries. Parent Publicis Groupe is the world’s third-largest communications group, and the world’s secondlargest media counsel and buying group.

“The integration of data is definitely where the whole media industry is going, the ability to join the dots together and see what’s working,” Jayson said. “You just can’t do that under a small panel size or a diary system.”

Rentrak had long ago carved out a niche providing data on movie-studio box office and video-on-demand viewership for cable operators. But Livek, an industry veteran who took the helm in 2009, saw an even bigger opportunity — using the census-based data that Rentrak gleaned from set-top boxes and merging it with the demographic, household income and purchasing data to

provide brand owners and advertisers with the in-depth information on buying habits they've been looking for.

“Most people thought you could never compete with Nielsen,” Livek said. “I actually felt that we could absolutely compete with Nielsen without competing with them at all, and that was in inventing a new category.”

That led to additional business with TV-station groups, as well as other smaller networks and ad agencies that use Rentrak information to track make-goods when shows don't provide the agreed upon audience for advertisers.

In addition to its existing products in the TV Everywhere and online video arena, Rentrak also is developing an overnight product similar to Nielsen's that could be released to the local market next year.

- See more at:

<http://www.multichannel.com/measuring/384658#sthash.AStl25SV.dpuf>

Telcos Take Aim at Legacy Regulations

CAN THEY LEVERAGE WHEELER'S FOCUS ON COMPETITION TO CABLE?

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By: [John Eggerton](#)

TakeAway

Telephone companies are using FCC chairman Tom Wheeler's push to find competitors to cable ISPs to convince him to end federal mandates to maintain old copper-based landline networks.

WASHINGTON — Telephone companies are trying to leverage Federal Communications Commission chairman Tom Wheeler's push for competition to cable Internet-service providers to get out from under legacy regulations.

Wheeler has been hammering on ISPs, including cable operators, calling them terminating monopolists with the incentive to protect their monopoly power. It is part of his push for higher-speed broadband and Internet neutrality rules.

That has not gone unnoticed by the wireless companies trying to retire their mandates to invest in traditional phone lines.

The companies want the FCC to get rid of a bunch of regulations in the move to IP delivery, saying that squares with Wheeler's "competition, competition, competition" mantra and his push for more competition to cable ISPs.

Those rules require firms to maintain and support traditional copper plant at what they argue is great cost for little return — an expense not required of their cable-telephony competitors.

In a 295-page petition to the FCC asking it to forbear legacy regulations, members of USTelecom — the main telco trade group in Washington — argued that the business services market is increasingly competitive, citing the pending Comcast-Time Warner Cable merger as an example of how it could get even more so. MSOs have pitched the merger as a way to strengthen

cable's ability to compete in broadband business services vis a vis AT&T and Verizon Communications.

They hitched their new filing to recent speeches by Wheeler, suggesting they were being responsive to the chairman in filing the petition.

They quoted a speech the chairman delivered at the Silicon Flatirons conference in Boulder, Colo.: "Due in part to outdated rules, the majority of the capital investments made by U.S. telephone companies from 2006 to 2011 went toward maintaining the declining telephone network, despite the fact that only one-third of U.S. households use it at all."

They also cited a speech Wheeler delivered last month at 1776, a D.C. based startup "incubator" whose founding partners include Comcast Business and Microsoft. There, Wheeler said competition for highspeed broadband was lacking, and that only fiber gives cable-operator "gatekeepers" a run for their money.

The telecoms argued that if Wheeler wants them to be more competitive with cable, it should lift those legacy regulations that suck up investment better put into those high-speeds and advanced services.

A spokesperson for the National Cable & Telecommunications Association said the trade group was still reviewing the filing and had no comment at press time.

USTelecom's filing notwithstanding, Wheeler has not been sending signals that he is ready to start removing regulations.

In fact, at about the same time USTelecom was outlining its petition, Wheeler was telling an audience of those competitive telecommunications carriers at the annual COMPTTEL convention in Dallas that there would be no flash cut to a deregulatory IP future.

- See more at: <http://www.multichannel.com/telcos-take-aim-legacy-regulations/384662#sthash.w5Zhg5sc.dpuf>

Liberty Interactive Spin Leaves Shopping Alone

STANDALONE QVC MAY ITSELF BE A BUYER 10/13/2014 8:00 AM Eastern

By: [Mike Farrell](#)

TakeAway

Freshly spun out of Liberty Interactive, home-shopping channel QVC may have its eye on acquisitions.

Liberty Interactive completed the spinoff of its electronic-commerce assets, leaving its interests in the top two home-shopping channels as a standalone company, QVC Group, and fueling speculation that the new retail-oriented company could have its eyes on further acquisitions.

Tops on most analysts' lists would be taking in the rest of No. 2 home-shopping channel HSN Inc., of which QVC Group already owns about 38%. The third largest home-shopping channel — ValueVision Media, which owns ShopHQ — also is a possibility down the road.

The Liberty Interactive spin was in the works for more than a year and was the latest in a series of complicated transactions for the e-commerce company.

Liberty Interactive attributed assets worth about \$1.5 billion — e-commerce companies [Bodybuiding.com](#), [Backcountry.com](#), CommerceHub, Evite, Provide Commerce and LMC Right Start — and \$1 billion in cash to Liberty Ventures, a tracking stock that was created in 2012 to house Liberty's e-commerce assets and minority interests in other media companies. In return, Liberty Interactive shareholders received 67.67 million shares of Liberty Ventures common stock (0.14 shares of Liberty Ventures stock for each Liberty Interactive share they own).

The tracking-stock structure is a favorite of Liberty Media chairman John Malone, who practically invented the securities, which follow a company's performance but are not backed by hard assets. Their advantage is they can highlight a unit's value without having to actually spin it off. Their disadvantage is shareholders typically have limited or no voting rights and no claim on the assets or business.

As a pure-play retailer, QVC Group could use its new currency to strike deals, including snapping up the rest of HSN, Pivotal Research Group principal and senior media & communication analyst Jeff Wlodarczak said. But in typical Malone fashion, he added, the moves are more likely to remove any analyst confusion around the stock by simplifying its assets and structure. QVC and HSN are television retailers, while the rest of the assets in Liberty Interactive are niche e-commerce companies selling flowers, gifts, nutritional supplements and baby gear. Untethering the TV operations from the other retail assets makes it easier for media investors such as mutual funds to justify investing.

KEEPING IT SIMPLE “I think the main reason they did the swap was driven by the same philosophy they have employed over the last 10 years or so — simplification,” Wlodarczak said. “I assume they believe that essentially ‘standalone’ QVC will trade better and is more likely to get retail analyst coverage without those relatively complicated assets. This should help drive a narrowing of the discount QVC sports to its retail comps.”

The transactions were slightly delayed last month after ProvideCommerce agreed to sell its floral and gift business to [FTD.com](https://www.ftd.com) in return for a 33% interest in the combined business. Liberty also earlier modified its plans for Liberty Digital, instead deciding to place the e-commerce assets in a separate tracker called Liberty Ventures. After the FTD deal closed, Liberty Interactive included the combined interest in ProvideCommerce in Liberty Ventures.

TRACKING CHARTER

Liberty also has plans to issue another tracker — Liberty Broadband — which will house its 27% interest in Charter Communications, its interest in global

positioning satellite subsidiary TruePosition and its minority equity investment in Time Warner Cable.

Liberty Broadband could go off on its own to acquire cable assets, but CEO Greg Maffei has said publicly that that Liberty's respect for the Charter management team, the benefits of scale and the synergies inherent in the MSO's assets make it unlikely that the company would go outside of Charter for acquisition opportunities inside the United States.

Taking Liberties

With the attribution of its e-commerce assets into Liberty Ventures and the creation of QVC Group, Liberty Media has continued on a path of simplifying and separating its diverse stable of assets.

Liberty Ventures: Bodybuiding.com (90%); Backcountry.com (90%); CommerceHub (99%); Provide Commerce; LMC Right Start (95%); Expedia Inc. (18%); Evite (100%); Interval Leisure Group (29%); Tree.com (25%).

QVC Group: QVC (100%); HSN Inc. (38%)

Liberty Broadband [Expected to debut by the end of this year or early next year]: 27% interest in Charter Communications; TruePosition (100%); Time Warner Cable (1%)

Starz: Starz

Liberty TripAdvisor Holdings: TripAdvisor (22%); BuySeasons (100%)

Liberty Media: Associated Partners (37%); Atlanta Braves; Barnes & Noble (2%); Crown Media Holdings (3%); Ideiasnet (5%); Kroenke Arena Co. (7%); Liberty Associated Partners (29%); Live Nation (27%); Mobile Streams (16%); Sirius XM (56%); Tastemade (6%); 1% or less interests in Time Inc., Time Warner Cable, Time Warner Inc. and Viacom

SOURCE: *Multichannel News* research

- See more at: <http://www.multichannel.com/liberty-interactive-spin-leaves-shopping-alone/384664#sthash.jMIJEvoe.dpuf>

TV Everywhere Meets the DVR

Comcast Extends Out-of-Home Capabilities To Its Cloud

DVR 10/06/2014 8:00 AM Eastern

By: [Jeff Baumgartner](#)

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TakeAway

Comcast is expanding its Cloud DVR service for the X1 video platform to enable customers to stream recorded programming on mobile devices anywhere in or out of the home.

Adding a feature that will help it keep pace with options offered by companies such as Dish Network and TiVo, Comcast has enabled a feature on its Cloud DVR service that lets customers stream recorded programming on mobile devices whether they are in the home or on the go.

This new out-of-home capability represents a significant enhancement to Comcast's Cloud DVR product for the X1 video platform, which had previously limited viewing of DVR recordings to within the reach of the customer's home network. Under the current setup, out-of-home access to DVR recordings is limited to one device at a time.

Dish and TiVo, meanwhile, allow customers to view DVR recordings while they are on the go, but rather than providing access to those recordings from the cloud, users must stream them from copies stored in the home-side set-top.

CLOUD SPREADING

Comcast unleashed the new out-of-home option last week as it extended the reach of its Cloud DVR and the X1's new in-home multiscreen live-TV streaming feature to the San Francisco Bay Area and Houston. Comcast, which introduced the Cloud DVR in Boston about seven months ago, also offers the

X1's new cloud-based video capabilities in Atlanta, Baltimore, Boston, Chicago, Philadelphia and Washington, D.C.

A Comcast official said the new out-of-home capability, now offered in all of Comcast's Cloud DVR-enabled markets, marked a technical enhancement to the product rather than a clearing up of any lingering rights issues. Customers can access Cloud DVR recordings on the go via WiFi or 3G/4G cellular connections.

Comcast's Cloud DVR currently provides customers with 500 Gigabytes of storage and the ability to record four shows while watching another. Cablevision Systems, meanwhile, is demonstrating how network-based DVRs have virtually no limits to the number of tuners they can support — in April, it pushed out a software upgrade for its Multi-Room DVR service that lets Cablevision customers record up to 15 shows simultaneously.

The X1's in-home, IP-based live-TV streaming service lets users watch Comcast's full linear TV lineup and its VOD service on Web browsers as well as iOS- and Android-powered tablets and smartphones. The MSO has the rights to offer a subset of its live-TV lineup out of the home. The new cloud-based offering for X1 also lets customers "check out" DVR recordings by side-loading them to those devices for later playback.

Comcast has deployed X1 across its current footprint and expects to offer the Cloud DVR and in-home video streaming features to most of its X1 customers by the end of the year.

Comcast, which is using its next-generation X1 service to stem video losses, hasn't revealed how many of its 22.4 million video customers are on the platform, but has said it is installing upward of 20,000 boxes a day. Speaking on a panel at the SCTE Cable-Tec Expo in Denver last month, Labeeb Ismail, Comcast Cable's vice president of customer-premises equipment software, estimated the MSO had deployed "upward of 4 million" devices powered by the Reference Design Kit (RDK), the pre-integrated software stack used in Comcast's X1 boxes.

Comcast is currently offering X1 on boxes with local HD-DVRs called the XG1. The operator is also developing a hybrid QAM/IP “headless” gateway, the XG5, that could be paired with all-IP HD client devices called the Xi3 and, once implemented, could rely solely on the MSO’s Cloud DVR infrastructure and allow the MSO to reduce its reliance on DVRs with localized storage. Comcast is also working on the Xi4, a video client that will be a smaller version of the Xi3.

WHAT’S COMING NEXT

Comcast and others are eyeing the use of smaller, lesspower- hungry IP video devices. In May, Comcast was among the founding members of the Linaro Digital Home Group, an initiative that aims to accelerate the use of ARMbased silicon in digital-home applications. The low-power ARM architecture has taken hold in mobile devices such as tablets and smartphones, and now appears to be poised for use in small form-factor video devices, including clients that run the RDK, which is being managed by Comcast, Time Warner Cable and Liberty Global.

- See more at: <http://www.multichannel.com/news/cable-operators/tv-everywhere-meets-dvr/384432#sthash.A6MufQa4.dpuf>

Cable Beats 'Dirty Quilt' of Title II

Economist: Internet Has Never Been Neutral And Shouldn't

Be10/06/2014 8:00 AM Eastern

By: [John Eggerton](#)

TakeAway

NCTA chief Michael Powell and like-minded opponents of net-neutrality rules last week pushed back against Title 11 common-carrier regulation.

WASHINGTON — The cable industry and other fans of light-touch Internet-neutrality regulation were pushing back hard last week on the idea that Title II should still be on the table as Federal Communications Commission chairman Tom Wheeler ponders how to craft legally sustainable rules.

In an op-ed for *The Hill* magazine, National Cable & Telecommunications Association president Michael Powell, himself a former FCC chairman, offered up a new metaphor for common-carrier style regulation of the Internet, calling the potential blanket prohibition of some conduct under Title II of the Telecommunications Act a “dirty quilt.”

Powell pointed out that Wheeler is a historian and said that as the FCC again weighs in on net neutrality, history and experience clearly show competition will be “thwarted” if “the commission buckles to those who are baying to blanket the Internet industry with the dirty quilt of common-carrier regulation.”

Powell’s own history as FCC chairman a decade ago was characterized by efforts to ensure that the Internet was not subject to mandatory-access regulations under Title II.

Also making that effort last week was economist and Clemson University professor Tom Hazlett. At an FCC forum on the economics of broadband,

which Wheeler attended, as well as in a separate talk at the Hudson Institute, Hazlett argued that the Internet has never been neutral and shouldn't be.

Among his examples of non-neutrality that have fueled the creation of the open, wildly successful Internet have been paid peering, university efforts to block bandwidth-consuming services like Skype and movie downloading, and Google's payment early on to be the default search engine on AOL's startup page.

One of the mantras of proponents of strong netneutrality rules is "treat all bits the same." But Hazlett said there is a "pro-efficiency rationale" for treating bits differently. For example, real-time calling via Skype gets handled differently than email, where a second or two of delay would not have the same effect.

For all the talk about Internet-service providers having market power for preferential deals, Hazlett said, those deals wind up tending to improve efficiency.

Foes of strong Internet regulations may need to keep hammering those points.

Wheeler has for weeks been signaling that his proposal to use his authority under Section 706 of the Telecom Act to support new anti-blocking and unreasonable discrimination rules was only a proposal and that Title II is — pound the lectern, as he does frequently for emphasis — very much in play.

Last week, Wheeler seemed to be making a case for them, or at least for strong rules to counter the threat of powerful ISPs.

At the same economics of broadband forum where Hazlett was a panelist, chairman Wheeler, an amateur historian, suggested the government might be at a key point in history in terms of ensuring that the Internet is not controlled by "terminating monopolies," an increasingly popular term for ISPs among advocates of Title II-based regulations.

Wheeler at least raised the possibility that the Internet economy is at an "inflection point," and the government may need to step in to ensure the

continuing ability of innovative startups to scale up at the pace of highspeed broadband.

The chairman asked whether the Internet economy was qualitatively different from the industrial economy because of the unprecedented ability of small players to scale up (the “garage-to-Google” model).

Wheeler suggested that the ability to scale up was controlled by the “terminating monopolies,” who control the last-mile connection. One economist who agreed with that assessment said that was why the FCC needs to ban paid priority.

OPTIMIZE THIS

Elsewhere on the net-neutrality front, Verizon Wireless last week said it would not proceed with plans to “optimize” its network for customers with unlimited plans by managing speeds of the top 5% of data users at peak periods.

Wheeler had told Verizon Wireless in a July letter that he was concerned about its plans to “slow down customers’ data speeds” on its 4G Long-Term Evolution (LTE) network starting this month, suggesting it did not fall under reasonable network management but was instead a “loophole” designed to boost the bottom line.

Wheeler has signaled that he doesn’t think it is reasonable network management for consumers not to get the speeds they are paying for.

Verizon responded by dropping the plan.

Wheeler “saluted” the decision: “This is a responsible action, and I commend Verizon’s leadership on this issue.”

On July 23, the FCC released an enforcement advisory reminding broadband providers of their responsibilities under the transparency rule, the only Open Internet order rule that survived intact after court review, and last month

Wheeler sent letters to the other three Big Four wireless carriers — AT&T, Sprint and T-Mobile — asking about their network-management practices.

Wheeler has shown he is willing to use the bully pulpit and the threat of the big stick to affect change. Cable operators are just hoping, ultimately, that the big stick of Title II is not used.

- See more at: <http://www.multichannel.com/news/technology/cable-beats-dirty-quilt-title-ii/384435#sthash.it5j3iRN.dpuf>

Trade Journal Links:

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"Comcast Claims They'll Offer 1-10 Gbps 'As Soon as Possible'"

[Broadband Reports](#)

VIDEO

"Isenberg: The Beginning of the BroadbandTV Era"

[Telecompetitor](#)

"Verizon and AT&T Are Fighting For You To Pay Less For Cable"

[Motley Fool](#)

"YouTube and the Future of Cable News"

[Lost Remote](#)

BROADBAND

"Next Century Cities is a new initiative that supports community leaders across the country as they seek to ensure that all have access to fast, affordable, and reliable Internet. Register [HERE](#) to join the official launch by webcast on Monday, October 20 at 12:30 ET."

WIRELESS

"FCC Republicans Question Designated Entity Moves:
Argue it would allow flipping of spectrum to big players"

[Broadcasting & Cable](#)

"Samsung's futuristic Wi-Fi tech is five times faster than today's wireless networks"

[PCWorld](#)

VIDEO

"A small but growing chorus of analysts and developers say Apple seems close to cracking the code for TV"
[San Jose Mercury News](#)

"Aereo Seeks Pay-TV Operator Status: In an ironic twist, Aereo may now become a vehicle for turning free broadcast TV into pay-TV online"

[Light Reading](#)

"Industry Analyst Jeff Kagan on Verizon Launching Web TV in 2015"

[Consumer Electronics Net](#)

Significant news (also reported in today's *Comm. Daily*, p. 15).

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<http://www.washingtonpost.com/blogs/the-switch/wp/2014/10/15/hbos-taking-on-netflix-like-never-before-but-now-theyll-share-the-same-headaches-too/>

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"FCC: TDM-to-IP Transition Was a Cause of 911 Outage Affecting Seven States"

[Telecompetitor](#)

"Exploring the Digital Nation: Embracing the Mobile Internet." Study reveals a mobile Internet "explosion".

[NTIA](#)

"Some Tiny Steps for Web TV"

[POTs and PANs](#)

"CBS Takes OTT Plunge"

[Light Reading](#)

"The City Council of Worcester, Mass. is attempting to block Comcast from entering the area... 'Comcast is a wolf in wolf's clothing'"

[The Daily Dot](#)

"Video Business is in Significant Transition with Important Implications"

[Telecompetitor](#)

CBS launches standalone streaming service

[USA Today](#)

"2015 will be the year you can buy HBO content without a TV subscription: But it's unclear what the new standalone service will look like."

[Ars Technica](#)

<http://www.broadbandingcable.com/news/programming/cbs-launching-599-demand-service/134888>

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Susan Crawford: "Nobel-Winning Message for the FCC": Nobel prize in Economic Science awarded to Jean Tirole, who argued that any company controlling physical lines into homes and businesses would act as a natural monopoly

[BloombergView](#)

"It's a terrible company': Comcast not welcome in [Worcester, MA], council says"

[Ars Technica](#)

WIRELESS

"The FCC's Proposal To Expand Wi-Fi Spectrum Is A Good Start"

[Forbes](#)

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"Netflix Now Shooting All Original Content in 4K"

[Broadband Reports](#)

"Multiplatform, Simultaneous Release Augurs Distribution Upheaval: 'We The Economy' Could Become Significant Test"

[Multichannel News](#)

<http://www.cedmagazine.com/news/2014/10/twc-updates-app-to-include-vod-guide-on-roku>

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[GigaOm](#)

[Broadband Reports](#)

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[Huffington Post](#)

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[Broadband Reports](#)

"Time Warner Cable's Advertised \$89.99 Triple Play: Now \$190.77."

[Huffington Post](#)

"Online video: Charting the struggles and failures"

[FierceTelecom](#)

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"FCC Pauses 'Shot Clock' on Comcast, AT&T/DirecTV Deals"

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"Unraveling the Cable Bundle: HBO and CBS Move Toward Selling Content Directly to Consumers"

[NYTimes Editorial](#)

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[Re/Code](#)

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[The Hill](#)

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[Community Broadband Networks](#)

FCC Closing Loop On 2007 Franchise Decision

Item Resolves Petitions to Reconsider Extending New Entrant Rule - See more at:

<http://www.multichannel.com/news/content/fcc-closing-loop-2007-franchise-decision/385161#sthash.xsgv5LZf.dpuf>

<http://www.economist.com/news/business/21621777-lobbying-over-comcasts-bid-create-cable-tv-behemoth-coming-head-tying-up-cable>

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[New York Times](#)

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"Charter Gains on Digital, Broadband Upgrades"

[Light Reading](#)

"Comcast shedding cable subscribers -- but broadband growth more than compensates"

[Oregon Live](#)

"Cable takes a bullish stance on Wi-Fi services"

[FierceTelecom](#)

MuniNetworks: Boo! Share Your Comcast Horror Stories With Media Mobilizing Project

http://www.muninetworks.org/content/boo-share-your-comcast-horror-stories-media-mobilizing-project?_scoop_post=b171d1f0-60d3-11e4-9ed7-842b2b775358&_scoop_topic=287150#_scoop_post=b171d1f0-60d3-11e4-9ed7-842b2b775358&_scoop_topic=287150

FCC reportedly considering "hybrid" net neutrality approach: "[T]he plan now under consideration would separate broadband into two distinct services: a retail one, in which consumers would pay broadband providers for Internet access; and a back-end one, in which broadband providers serve as the conduit for websites to distribute content. The FCC would then classify the back-end service as a common carrier, giving the agency the ability to police any deals between content companies and broadband providers."

[Broadband Reports](#)

"Wheeler Warns 'IP Transition' Could Harm Broadband Competition"

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"Reasons for Video Cord Cutting May Be Different Than for 'Cord-Nevers'"

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"U.S. communities taking affordable broadband into their own hands"

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[Broadcasting & Cable](#)

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[FierceWireless](#)

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[Variety](#)

"Wheeler: 'Old' Rules Shouldn't Impede Services Like Aereo: Says ISPs Shouldn't Be Able To Cut 'Special Deals'"

[Multichannel News](#)

"TNS: Propensity to Upgrade Pay TV Subscription Rises with OTT Video Use"

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"With its new majority, the GOP turns to redefining how you watch TV, get online and call mom"

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