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—By Tore B. Nordahl—

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Retransmission Consent Fees: Not just about the money anymore!

▶ The Money is obviously important

Broadcast retransmission consent fees (paid to TV stations by MVPDs) totaled about \$500 million in 2008 but grew to over \$3 billion in 2013. SNL Kagan estimates these fees will grow to over \$7 billion in 2018. The Author believes these fees will see a peak in 2016/2017 and then decline as the TV delivery business models change as we approach 2020 influenced by ever growing OTT and other services.

So, twist that “cable arm” for the most money before the system changes, BUT consider asking for special (non-cash) considerations on top of the money. The FCC rules say that the TV Station can ask for money and other considerations.

There are two areas of non-cash consideration which may become very important to TV stations very soon: “Fast Lane (Priority) Streaming” and “WiFi Hotspots”. Call it “Existence/Growth insurance”.

FCC Commissioner Wheeler at the Cable Show in May

In his Cable Show keynote he said that because cable has become the principal provider of broadband, those broadband providers represent a threat to Internet openness, and, quoting from the D.C. Circuit Appeals Court decision in Verizon v. FCC, that the ISPs could act in ways that would ultimately inhibit the speed and extent of future broadband deployment. Presumably, Commissioner Wheeler’s bottom line was that the FCC will protect the openness of the Internet while allowing some “paid fast lane streaming”. This was substantially confirmed in the FCC’s rulemaking launch announcement released 5/15.

Netflix “Fast Lane” deal with Comcast . . .

And now also with Verizon. Netflix signed “Fast Lane” deal with Comcast back in February, and a second similar deal with Verizon (FIOS/DSL) at the end of April. And get this: Netflix is on the record supporting Net Neutrality BUT with the ability to do “peering” agreements such as Netflix has now done with Comcast and Verizon. And what do they really call it? The money paid by Netflix in these deals are NOT for “Fast Lane” priority, but for “subscriber access”! What about HULU, VUDU, Amazon etc.? They all need “Fast Lane” priority? Causing the “Slow Lane” to be slower and slower until the FCC says “no more Fast Lane priorities”? TV Stations should protect their “Fast Lane” option before it’s too late.

TV Stations probably need (Fast Lane) Streaming in the future

If you read the Author’s Post-NAB-2014 Executive 4K/UHD Report (http://www.coax.tv/EXEC_NAB2014-2.pdf), TV Stations/Networks should consider to start to acquire all programs in 1080p60 although OTA currently is either 720p60 or 1080i60, and start 1080p60 local market internet streaming concurrent with cross-converted OTA HD format, of the same program at first. This 1080p60 streaming experience will make it easy to “upgrade” to 4K/UHD streaming when the time is right. The Author’s opinion is that 4K/UHD may never become a TV Broadcast OTA format because of the spectrum bandwidth squeeze and public interest considerations of the Congress/FCC. **Sooner or later, your TV Station needs to stream 4K/UHD! Negotiate “Fast Lane (Priority) Streaming”.**

And then there are WiFi Hotspots . . . Benefitting TV Stations?

Comcast says it will have around **eight million** WiFi Hotspots in operation connected to their cable systems around the country by end of 2014! The primary reason is to drive consumers/subscribers use of their Xfinity TV Everywhere service, which includes streaming of TV shows, movies, sports events, etc. and, of course, access to the Internet. If your TV Station is in a Comcast cabled community, **why shouldn’t your TV Station negotiate Xfinity streaming priority/inclusion as a part of the Retransmission Consent?** Why should your local audience when on-the-go (locally) be deprived of watching your station over Xfinity? Most other CATV MSOs have similar offerings.

Mobile News/Remote/POV Cameras and LIVE WiFi Backhaul

Still relying on Microwave Vans or Bonded Cellular Backpacks for your LIVE HD-ENG backhaul? JVC’s new ProHD IP-based Mobile News Cameras offer built-in 4G-LTE and WiFi backhaul, only requiring the plugging in of a single USB modem “stick” (either 4G-LTE OR WiFi). Xfinity-type WiFi Hotspots may be negotiated to provide upload speed well above that of the available 4G-LTE, enabling greater flexibility for your field news crews (and your “lone ranger” VJs) and reducing ENG capex and opex. **Negotiate “Priority Remote LIVE Upload WiFi Hotspot Service” as a part of the Retransmission Consent Agreement.**

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