

**STATEMENT OF  
CHAIRMAN TOM WHEELER**

*Re: Expanding Consumers' Video Navigation Choices, MB Docket No. 16-42; Commercial Availability of Navigation Devices, CS Docket No. 97-80.*

Congress has given the Commission explicit instructions. Section 629 of the Communications Act requires the Commission to “assure the commercial availability, to consumers of multichannel video programming and other services offered over multichannel video programming systems, of converter boxes, interactive communications equipment, and other equipment used by consumers to access multichannel video programming and other services offered over multichannel video programming systems, from manufacturers, retailers, and other vendors not affiliated with any multichannel video programming distributor.”

Put another way, when consumers connect to a pay-TV service they should have the same ability to choose their equipment, just as they do when signing up for phone service. That’s not just what common sense and free-market economics tell us. That’s what the law mandates. But when it comes to the set-top boxes mandated by pay-TV providers, consumers essentially have no choices, and they are literally paying the price for this lack of alternatives. Today, the Commission begins the process of unlocking the set-top box marketplace and unleashing the benefits of competition.

To understand the urgent need for action, you only need to look at the facts. Ninety-nine percent of pay-TV customers lease set-top boxes from their cable, satellite or telco providers. There is no competitive market, contrary to statutory mandate. U.S. consumers, are paying \$231 a year to rent those boxes; collectively, these consumers are spending \$20 billion annually. And, according to one analysis, over the past 20 years, the cost of cable set-top boxes has risen 185 percent while the cost of computers, televisions and mobile phones has dropped by 90 percent. One of these markets is competitive; the other is not.

It doesn’t have to be this way. Consumers should have more choices for innovative ways to access video content on the device or app they prefer. By introducing competition into this closed market, today’s proposal will provide those options.

Specifically, we propose establishing open standards for set-top boxes, the same way we have standards for cell phones, Bluetooth, Wi-Fi, routers, and other devices. Replacing closed standards controlled by the pay-TV industry with open standards will tear down the barriers that currently prevent innovators from developing new ways for consumers to access and enjoy their favorite shows and movies on their terms. The new rules would create a framework for providing device manufacturers, software developers and others the information they need to introduce innovative new technologies, while at the same time maintaining strong security, copyright and consumer protections.

Open standards will pave the way for a competitive marketplace for alternate navigation devices, and could even end the need for multiple remote controls. Innovation enabled by openness will drive more options for user-friendly menus and search functions as well as expand access to programming created by independent and diverse voices. By integrating navigation functions currently spread across multiple devices consumers will more easily access a variety of video content that is today buried behind incompatible and often arcane navigation systems.

So that’s what the proposal will do. Here’s what it will *not* do.

This proposal will *not* require consumers to purchase new boxes. The cable industry is

continually trying to call today's All-Vid, a failed proposal from 2010 that would have required a second box. This is not All-Vid. It is not requiring a second box. In fact, we expect that this proposal could enable the development of software solutions that eliminate the need for any box at all.

This proposal will *not* harm consumer privacy. The proposal tentatively concludes that the privacy protections that exist today will also apply when alternative navigation devices are used.

This proposal will *not* interfere with the business relationships or content agreements between MVPDs and their content providers or between MVPDs and their customers.

This proposal will *not* open up content to compromised security. It simply requires pay-TV providers to offer at least one content protection system that is openly licensed on reasonable and non-discriminatory terms.

Whereas issues like privacy, security, and copyright have made opening up the set-top box market a challenge in the past, it's important to note that today's smart TVs prove that we can preserve all the privacy, security, and copyright protections of the set-top box without that actual box.

Finally, this proposal will *not* harm minority programming opportunities. In fact, we expect the opportunity to reach consumers to increase. When it's easier for content creators to reach consumers, through better interfaces, menus, search functions, and improved over-the-top integration, this will likely lead to more diverse programming accessed more easily — especially minority and independent programming.

We've been here before.

Decades ago, if you wanted to have a landline in your home, you had to lease your phone from Ma Bell. There was little choice in telephones, and prices were high. The FCC unlocked competition and empowered consumers with a simple but powerful rule: Consumers could connect the telephones and modems of their choice to the telephone network. Competition and game-changing innovation followed, from lower-priced phones to answering machines to technology that is the foundation of the Internet. Should pay-TV continue to be an exception? I believe, and Congress has made clear, the answer is no. You should have choices in how you access the video programming you are paying for, as well.

In the end, this proposal is about one thing: putting the future of TV in consumer's hands. You should have options that competition provides. It's time to unlock the set-top box market — let's let innovators create, and then let consumers choose.

Thank you to Media Bureau team for their diligent and thoughtful work on this item.