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Will minority programmers be hurt or helped by a Federal Communications Commission plan to boost competition in the set-top box market?

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That's one of the most contentious questions raised since FCC Chairman Tom Wheeler [proposed rules](#) that would make TV channels available on more third-party devices and applications. Wheeler's aim is to give consumers more choices beyond the set-top boxes rented from cable providers. But those third-party systems might not display minority content as prominently as traditional cable TV systems, according to cable lobbyists and minority programmers that oppose the plan.

Wheeler contended the opposite in a [letter](#) to members of Congress. Cable TV companies are shutting out minority programmers today, but the proposed set-top box rules will make it easier for viewers to find minority programming, Wheeler argues. Wheeler also said he will continue with the rulemaking proceeding

despite calls for a delay.

"As the video ecosystem evolves it should be creating more opportunities for independent and minority-owned programming," Wheeler wrote. "By using the set-top box as a way to limit program carriage, however, MVPDs [multichannel video programming distributors] constrict opportunities. While the most popular MVPD packages contain 200 to 500 channels, there are currently only two Hispanic-owned and four African-American owned networks. Not only is there limited carriage, but there is also limited financial support. While a channel like ESPN is paid over \$7.00 per month per subscriber by MVPDs, minority channels receive pennies. What's more, minority networks are often placed on premium tiers requiring an additional payment from the consumer which also limits potential advertising revenues by limiting potential audience

victory for the public's right to know

reach."

Wheeler's letter, posted to the FCC website yesterday, was a response to US Reps. Juan Vargas (D-Calif.) and John Delaney (D-N.J.), who previously **asked Wheeler** to arrange for "peer-reviewed studies" on the topics of "diversity of programming, independent and minority television programming, content protection and consumer privacy." (Separately, House Republicans are attempting to **pass legislation** that would delay the proceeding by requiring further study.) But the FCC has already held a public comment period that drew more than 100,000 comments and the submission of numerous "theoretical economic studies," making it the "most complete and thorough examination of this issue ever undertaken or contemplated," Wheeler wrote.

The FCC has received numerous "comments from minority programmers who have been locked out from carriage on traditional cable networks," Wheeler wrote. (Here are **some examples cited by Wheeler.**) Wheeler argued that competition in set-top boxes would lead to new interfaces, search functions, and integration of programming sources, making it easier for independent and minority programmers to find audiences. (Devices enabled by the FCC proposal could display traditional pay-TV content alongside online streaming video, letting consumers watch more types of programming from a single device.)

The National Cable & Telecommunications Association (NCTA) **told the FCC** that most minority-owned and independent programmers oppose the set-top box plan. One of those is TV One, which makes shows for black audiences.

"[N]iche and minority programming already have a difficult time securing a position that will result in higher exposure, and there is no reason to believe that, unbound by contractual requirements, a competitive interface will choose to make minority-owned and minority-targeted programming more prominent in guides or search results," **TV One told the FCC.** "Indeed, there is no reason to believe that these box manufacturers will even select any additional minority-themed programming for inclusion in their interface at all." (TV One was previously co-owned by Comcast until the cable company's stake was **purchased by Radio One** last year.)

Members of the Congressional Black Caucus have also **criticized** Wheeler's plan. Black Entertainment Television CEO Debra Lee recently said that the FCC proposal would give away "BET programming for free." Wheeler's letter responded to this claim, saying, "I can assure you nothing in the proposal would require anyone to give away their content for free. If there is specific language you or Ms. Lee would like to suggest to make that clear, we are interested in seeing this language." Wheeler also responded to claims that his plan would erode copyright protections. "If copyright can be protected on Smart TVs, iPads, and iPhones, there is little reason to expect it cannot similarly be protected on a third-party set-top-box or app," Wheeler wrote. — ***Ars Technica***

Television set-top box maker TiVo Inc. said its revenue fell 6.5% in the latest quarter as a decline in the company's hardware segment masked growth in its service and software business and its technology segment. Shares fell 2.5% to \$9.70 in recent after-hours trading. For the period ended April 30, TiVo reported revenue of \$107.3 million, compared with \$114.7 million a year earlier.

The San Jose, Calif., company said service-and-technology revenue grew 16% to \$99.7 million, edging past expectations of analysts polled by Thomson Reuters for service-and-technology revenue of \$99.6 million. Hardware revenue slumped by two-thirds to \$7.5 million.

Naveen Chopra, interim chief executive and finance chief, said Tuesday that in the latest quarter, TiVo delivered significant growth in its service provider business—its core business that involves subscriptions sold through cable-television companies—while also implementing previously announced restructuring efforts and new product development

initiatives.

Hardware revenue slumped by two-thirds to \$7.5 million. Mr. Chopra said the company has been transitioning out of the segment—which historically has been focused on hardware sold to service providers—with the number expected to continue to decline. During the latest quarter, TiVo added a net 315,000 subscriptions. At quarter's end, TiVo's total subscriber base increased to 7.12 million, compared with 5.76 million a year earlier.

The digital-video recorder pioneer is in the process of being acquired by entertainment-tech firm Rovi Corp. The roughly \$1.1 billion deal will combine TiVo's traditional TV content with Rovi's guides, advertising, analytics and cloud services. Rovi makes a significant amount of revenue from its licensing agreements with video distributors such as Comcast Corp. The combined company will keep the TiVo name. TiVo said the Rovi deal is on track to close in the third quarter.

Over all, TiVo reported a profit of \$4.2 million, or 4 cents a share, down from \$7.9 million, or 8 cents a share, a year earlier. Excluding restructuring-related costs, expenses related to the Rovi deal and other items, adjusted profit rose to \$12.1 million from \$9.1 million. Analysts polled expected per-share profit of 8 cents. TiVo also affirmed its guidance for its fiscal year ending in January. – *Wall Street Journal*

Apple Inc said all its services, including the popular App Store, have resumed following an outage that started late afternoon on Thursday. Apple's U.S. web page showed all applications had resumed as of 11:55 p.m. Eastern Daylight Time (0355 GMT). "There are no reported issues at this time," the company said a few minutes later on its web page.

The iPhone maker said services related to iCloud and the Photos application **have also resumed**. The issues appear to have started just before 4 p.m. EDT, according to a timeline provided on the tech giant's support page.

Although some of the company's services resumed earlier, including the App Store functionality that was up at about 6:30 p.m. EDT, other services related to iCloud and the Photos application had remained unavailable to some users. Earlier, an Apple spokeswoman declined comment on the nature of the outage, but referred to the web page to show most of the services were back online. – *Reuters*



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