

# VIMEO, LLC

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General Counsel

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By ECFS

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, D.C. 20554

**Re: Applications of Comcast Corporation and Time Warner Cable Inc. to Assign or Transfer Control of FCC Licenses and Authorizations, MB Docket No. 14-57; Protecting and Promoting the Open Internet, GN Docket No. 14-28**

Dear Ms. Dortch:

Vimeo, LLC (“Vimeo”) submits this letter in the above-referenced proceedings to express its concerns regarding the ability of Internet Service Providers (“ISPs”), and particularly of Comcast, to demand terminating access or “interconnection” fees from online video distributors (“OVDs”). Such fees are not subject to market competition, and Vimeo is concerned that such fees may reverse the historical decline in transit and content delivery network (“CDN”) prices that have allowed companies like Vimeo to bring new and innovative services to consumers.

Vimeo operates one of the world’s largest creative networks—with over 30 million registered users and over 170 million unique viewers per month. Our network provides consumers with tools to upload, share, and watch videos and to communicate with others through a variety of Internet-connected devices. We believe our network occupies a unique position in the video market in that it draws and makes available high-quality independent content that might not otherwise be found through traditional media or even other Internet-based video services.

Because video hosting and sharing is a high-bandwidth business, Vimeo views terminating access fees as a significant threat to its current and future growth. The ability of consumers to access our content at the highest possible speed—and thus highest possible video resolution—is essential to our business. Like other similarly situated content providers, Vimeo purchases third-party CDN services to deliver videos to customers. There is no mistaking that Comcast’s broadband Internet access service is a terminating access network. Vimeo can reach Comcast’s subscribers only through Comcast. Comcast charges interconnection fees today, either directly as in Netflix’s case, or indirectly through third parties such as CDNs, who merely pass through the cost

to OVDs like Vimeo. Through interconnection fees, ISPs are able to artificially limit their own consumers' access to our content in a way that is rarely if ever apparent to their own subscribers.<sup>1</sup>

Vimeo strenuously disagrees with Comcast that interconnection costs “are irrelevant to small OVDs because they would have no need for direct interconnection.”<sup>2</sup> When a CDN pays an interconnection fee to a large ISP, that fee is passed to the CDN's customers through increased CDN charges. This makes interconnection fees directly relevant to our business and our bottom line. Moreover, as we grow, developing and deploying our own CDN will be a natural step—at which point the interconnection fee will be directly, rather than indirectly, assessed on our services.

If anything, small OVDs face an increased burden as a result of interconnection fees because there are no real market-based protections for us against the market power already wielded by the largest terminating ISPs. CDN and transit services currently face competition from each other, which has helped ensure their prices have so far continued to drop in line with technological advancements in network infrastructure. But those CDNs, which are themselves dependent on their interconnection with those large ISPs, often lack the incentive or ability to push back against interconnection fees charged by Comcast and other ISPs.

Vimeo is concerned that large ISPs, which have the incentive and ability to harm online video distributors, will increasingly demand higher interconnection fees in order for OVDs to reach their consumers. This is particularly true here, where Comcast operates its own OVD service and naturally has an incentive to favor its OVD services over independent ones.<sup>3</sup> In order to let the nascent OVD industry flourish, the Commission should take necessary steps to prevent Comcast and other large ISPs from degrading their interconnection points in order to extract terminating access fees.

Respectfully submitted,

/s/ Michael A. Cheah

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<sup>1</sup> *Comments of Vimeo, LLC*, GN Docket No. 14-28, at 18 (filed July 15, 2014) (“A broadband provider’s arrangements as to traffic entering its network . . . can be as significant as its decisions within the ‘last mile.’”).

<sup>2</sup> *Oppositions to Petitions to Deny and Response to Comments*, MB Docket No. 14-57, at 225 n.690 (filed Sept. 23, 2014).

<sup>3</sup> *See, e.g., United States v. Comcast*, Proposed Final Judgment and Competitive Impact Statement, 76 Fed. Reg. 5440, 5456 (2011) (“Comcast would have the ability, for instance, to give priority to non-OVD traffic on its network, thus adversely affecting the quality of OVD services that compete with Comcast’s own [video] or OVD services.”).