

January 22, 2015

BY ECFS

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

**Re: Protecting and Promoting the Open Internet, GN Docket No. 14-28;
Framework for Broadband Internet Service, GN Docket No. 10-127**

Dear Ms. Dortch:

We submit this letter to provide an additional perspective on proposals made in this proceeding that would restrict the ability of Internet service providers to offer so-called “sponsored data” or “zero-rating” plans that defray end-user costs but do *not* involve the prioritization of particular traffic streams. Each of the signatories to this letter is a content or edge provider that relies on, or may in the future seek to rely on, such a plan in connection with the provision and promotion of its own products and innovative services to end users.

Some participants in the ongoing debate regarding open Internet protections have criticized sponsored data and zero-rating plans, by which service providers or content providers agree voluntarily to bear the costs associated with the use of their offerings and thus to spare broadband consumers from such costs.¹ These parties have suggested that such plans are inconsistent with the goal of Internet openness. But their concerns are misguided. Sponsored data and zero-rating arrangements hold great promise for content and edge providers, whether they are new entrants or incumbents, who can use them to promote innovative offerings, attract new customers, and grow a robust subscriber base.

For the same reasons, sponsored data and zero-rating plans offer tremendous benefits to consumers, who can save money and may be encouraged to try new online services or increase their use of services where content providers absorb some of the cost. In fact, sponsored data is currently being leveraged by advertisers to enable consumers to engage with mobile ads, free of data charges. Through sponsorship, consumers are benefiting by having more data access they can ‘spend’ on other content because ads are ‘zero rated’, while advertisers benefit through increased brand awareness and a more positive engagement with the consumer. Historically, the majority of content delivery platforms including newspapers, AM and FM radio, over-the-air television, and cable television have used versions of sponsorship and zero-rating to defray costs

¹ Some participants have also criticized other zero-rating plans where the offering is free to both the consumer and the content provider, and where the carrier absorbs the cost. For example, T-Mobile’s Music Freedom offer allows its customers to stream music without using their high speed data allotment and without payment from the music service providers. Such arrangements do not implicate open Internet concerns and should not be part of this debate.

or even deliver to customers information free of charge. These practices have always been of great benefit to consumers by providing them access to information and content they might otherwise not be able to afford. Even where the delivery of products or information involves direct request and delivery, as is the case in many Internet transactions, sponsorship and zero-rating are historically accepted practices. Sponsoring the delivery of Internet data is merely a more modern incarnation of toll-free calling or free shipping, which for decades have provided undisputed benefits to businesses and consumers alike.

Moreover, sponsored data and zero-rating plans pose no threat to content providers or to the open Internet more generally. In this respect, sponsored data plans are distinct from, and should not be confused with, so-called “paid prioritization” arrangements in which content providers would pay different rates for faster transmission of their own content over the broadband provider’s last-mile connection to the consumer. Sponsored data and zero-rating plans do not involve the creation of any Internet “fast-lanes” – they merely facilitate customers’ access to an expanded universe of online content, applications, and services.

Accordingly, providers such as the undersigned have maintained a strong interest in the prospect of relying on sponsored data or zero-rating plans, now or in the future. We thus urge the Commission to avoid taking any action that would limit the flexibility of Internet service providers to offer, or of content and edge providers to use, plans of this sort. In stating our views about the value of sponsored data and zero-rating plans, we take no position on whether the Commission has the legal authority to adopt rules in this context, or on the particular legal frameworks under which it might do so. We merely wish to emphasize that such plans offer clear benefits to consumers, content and edge providers, competition, and to the economy in general, and that the Commission should not take any steps that would discourage, if not prohibit, their use. Thank you for your consideration.

Sincerely,

/s/ Susie Kim Riley
CEO, Aquato



/s/ Harjot Saluja
CEO, DataMi



/s/ Scott Schill
Producer, BBA Studios, LLC



/s/ Sam Gadodia
CEO, LotusFlare



/s/ Gary Greenbaum
CEO, Syntonic



/s/ Mike Nasco
CEO, Wazco. LLC

