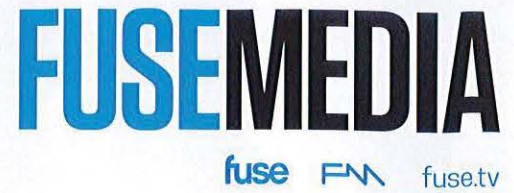


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January 21, 2016

VIA ECFS

Marlene H. Dortch, Esq.  
Secretary  
Federal Communications Commission  
445 12th Street, SW Washington, DC 20554

Re: MB Docket No. 15-64  
Request for Comment on the Report of the Downloadable Security Technology Advisory  
Committee

Dear Ms. Dortch:

Various stakeholders in this docket are asking the Commission to pursue two policy goals: (1) more competition in the set-top box market,<sup>1</sup> and (2) honoring the rights and incentives under current licensing agreements to incentivize high-quality content creation.<sup>2</sup> Each of these is a worthy policy objective. However, when viewed in the context of how the video programming market actually works, it is clear that pursuing set-top box competition in the manner proposed by the Google/Tivo Coalition very likely will undermine the goal of maintaining high-quality video content, particularly among ethnic, niche independent programmers. We urge the Commission not to let its good intentions in the set-top box market undermine its equally worthy public interest objective of encouraging high-quality, competitive, ethnic-niche independent programming in the video market.

As explained in great detail by other programmers, disaggregating programming packages and removing key content elements threatens programmers' revenues.<sup>3</sup> The negative impact on content creators posed by the Google/Tivo Coalition's proposals would be disproportionately harmful to smaller independent programmers, like Fuse Media, serving ethnic niche audiences because programmers like us:

- lack the leverage of programmers owned by broadcasters or cable operators, encumbering our ability to secure distribution in the first place and making us the first victims when pay-TV companies move to cut programming costs;

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<sup>1</sup> See generally Comments of Consumer Video Choice Coalition (herein referred to as the "Google/Tivo Coalition").

<sup>2</sup> See generally Comments of A&E Networks et al. ("Content Coalition").

<sup>3</sup> See *id.* at 3-4 (explaining how the Google/Tivo Coalition's proposals would undermine presentation, branding, advertising, revenue streams, and legal/regulatory expectations).

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**FUSE MEDIA**

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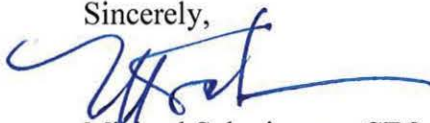
- struggle to obtain the best possible channel placement in order to attract the attention of subscribers unfamiliar with our network who might discover it while channel-surfing;
- struggle to obtain the best possible tier placement in order to increase exposure to wider audiences and enhance revenues from any per-subscriber licensing fees;
- endure greater difficulties than larger programmers in securing advertising revenue streams due to our relatively lower penetration on cable and satellite systems (see above);
- suffer further harm because we serve minority niche audiences, such as Latinos, African Americans, LGBT Americans, and others who do not tend to fit into advertisers' buying habits or Pay-TV companies' business models and whose programming choices already are limited by a media market that still is not as diverse as America.

Given these factors, anything that would reduce viewership, per-subscriber fees, advertising revenues, or exposure to new audiences to the detriment of general-audience programmers would hinder ethnic niche independent programmers to an even greater degree.

Moreover, in the context of the uphill climb faced by programmers like us, the Commission should note that any reduction in revenues from linear programming distribution resulting from the Google/Tivo Coalition's proposals would detract from, rather than enhance our ability to pursue alternative distribution models, such as "Over-the-Top" Internet video. Revenues lost on the linear programming side would undermine our ability to create compelling content attractive to so-called cord-cutters, cord-shavers, and cord-nevers who consume video on the Internet. We reject the notion that our network simply could migrate to an "Over-the-Top" distribution model. We rely on revenues from the Pay-TV market in order to create the content attractive to audiences on other platforms.

Competition in the independent programming market should not be sacrificed on the altar of competition in the set-top-box market. We urge the Commission to reject the proposals of the Google/Tivo Coalition.

Sincerely,



Michael Schwimmer, CEO  
Fuse Media, Inc.