BEFORE THE
Federal Communications Commission
WASHINGTON, D.C.

In the Matter of	)	
	)	
Implementation of Section 304 of the	)	CS Docket No. 97-80
Telecommunications Act of 1996	)	
	)	
Commercial Availability of Navigation Devices	)	

Reply Comments of Scientific-Atlanta
In Response to Further Notice of Proposed Rulemaking

Scientific-Atlanta is a leading supplier of transmission networks for broadband access to the home, digital interactive subscriber systems designed for video, high speed Internet and voice over IP (VOIP) networks and worldwide customer service and support. The company is a supplier of navigation devices to cable operators. We would like to offer reply comments in response to some of the issues raised in the comments to the Commission's Further Notice of Proposed Rulemaking or FNPRM.

Initially, Scientific-Atlanta would like to address comments specifically referencing its role in the development of PODs and navigation devices. The Consumer Electronics Retailers Coalition (p.18) states that "the handful of PODs produced thus far do not make any provision to support consumer ordering of pay-per-view programming…A modest POD specification enhancement, also already proposed by manufacturers, would support "IPPV" functionality…The other POD supplier, however, Scientific-Atlanta, has indicated that it is not prepared to support even this step toward equal functionality."

We are uncertain as to what is the basis for this conclusion. Scientific-Atlanta has successfully completed and fully met the FCC requirements for digital navigation devices. The IPPV specification is not in the FCC requirement. In fact, no one has formally requested that we develop products to this specification. Many set-tops deployed by companies other than Scientific-Atlanta employ a telephone return path to provide information for billing purposes. Every Scientific-Atlanta digital set-top employs the more advanced, two-way cable return path for communication with the head-end. Do the retailers expect Scientific-Atlanta to support obsolete technology that is rapidly being replaced by cable operator system upgrades?

Scientific-Atlanta's PODs support the provision of OpenCable separated security host devices manufactured by anyone who is in compliance with OpenCable specifications. These PODs will support IPPV functionality. We will develop this functionality, if there are actual orders placed for the product. To date, there have been no such orders. If there are in fact orders for this product, all existing PODs can be upgraded through software provided over the network.

The comments of the Consumer Electronics Association (p. 22) provide a table with increases in the production of digital set-tops by Scientific-Atlanta. The table does not reflect the dramatic decline in sales of analog set-tops, which are, by some measures even more dramatic than the increases in digital set-tops. The increases in dollar sales are due in significant part to the fact that each digital set-top costs significantly more than an analog set-top, because it is more complex and provides many additional services. Cable operators are purchasing these digital set-tops in response to competition from other service providers, such as DBS.

As the Association must be aware, one of its members, Pioneer, is currently producing digital set-tops and in the near future three other of its members - Philips, Panasonic and Sony - will begin production of these devices. These manufacturers are planning to produce integrated set-tops with OpenCable POD interfaces for distribution by cable operators and through retail outlets. At the Western cable show Panasonic demonstrated a digital television receiver with a POD. In addition, Pace will also begin producing digital set-tops in the near future. The cable industry is committed to developing new sources of supply, including retail distribution. The actions of CEA's own members refute the statement of that association

that additional manufacturers will enter the market only if the ban on integrated devices is accelerated.

References are made in both of these filings (Consumer Electronics Retailers Coalition - p. 14; Consumer Electronics Association - p. 22) to interactive services being provided through Scientific-Atlanta set-tops. These offerings are in their earliest stages of deployment. Other manufacturers are planning to produce set-tops including POD slots and retail distribution that will enable consumers to access interactive services. It would stifle healthy competition and straight jacket the marketplace to require uniformity across all set-tops.

There are other issues that we would like to address. Concern has been expressed that very few, if any, PODs have been produced. Scientific-Atlanta has shipped a significant number of PODs to MSO customers, and has thousands waiting in inventory plus parts bought in anticipation of manufacturing more based on our good faith expectation that retailers would commit to purchase host devices of the sort which Scientific-Atlanta and others have offered to produce for them.

Concerns have also been expressed about "bugs" in the PODs. The "bugs" exist solely in the POD software, not in the hardware. Due to the multiple variations of hardware configurations, it is a common occurrence in the computer industry to uncover "bugs" in software once it is deployed. Scientific-Atlanta is continuing to work with Cable Labs, OpenCable, and cable operators to improve the interoperability and performance of OpenCable equipment.

In conclusion, Scientific-Atlanta has spent millions of dollars in complying with the FCC mandate. These efforts were not funded by the government, consumer electronics manufacturers or retailers. The company has successfully completed and fully met FCC requirements for digital navigation devices. Deployment of these devices is still in the early stages. The FCC should allow the marketplace to determine the appropriate business model for these devices.

Respectfully submitted,

Bill Loughrey