

August 21, 2008

VIA ELECTRONIC FILING

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

Re: Docket No. 02-6
Reply Comments of Video Furnace
Eligible Services List for FY 2009
Schools and Libraries Universal Support Mechanism

Dear Ms. Dortch:

Video Furnace is a manufacturer of video components that markets its products through a team of reseller partners. The company's hardware and software products are used in a variety of settings, including the K-12 educational market. Video Furnace respectfully submits these Reply Comments in support of a number of Commenters to the draft 2009 Eligible Services List (ESL) who urged the Commission to withhold a finding that Video On Demand Servers are ineligible for E-rate funding.¹

Video Furnace agrees with the many comments that the ESL does not sufficiently or appropriately define a "Video On Demand Server." The proposed definition, found in the Glossary of the draft Eligible Services List, is "A Video On Demand server stores videos which are available for retrieval at any given time." While this description depicts one type and use of a "video demand server," other uses are commonly in place in today's marketplace, and fully meet core FCC eligibility rules. Therefore, if the proposal is adopted, untold confusion will arise through less, rather than more, clarity concerning what is eligible for E-rate funding and what is not.

¹ See Reply Comments filed by Kellogg & Sovereign Consulting, LLC (Aug. 20, 2008); Reply Comments filed by E-Rate Central (Aug. 20, 2008); Reply Comments filed by VBrick Systems, Inc. (Aug. 18, 2008); Comments filed by Rauland-Borg Corp. (Aug. 15, 2008); Comments filed by State E-Rate Coordinators' Alliance (Aug. 14, 2008); Comments filed by Funds for Learning (Aug. 14, 2008); Comments filed by Library Video Company (Aug. 14, 2008); Comments filed by E-rate Service Providers Association (Aug. 13, 2008); Comments filed by Timothy B. Malone (Aug. 12, 2008); Comments filed by U.S. Distance Learning Advisory Board (Aug. 12, 2008); Comments filed by VBrick Systems, Inc. (Aug. 8, 2008); Comments filed by Applied Video Technology (Aug. 6, 2008).

Video Furnace understands that components used to transmit information all the way to individual classrooms are eligible for E-rate funding. This would include a "Video On Demand Server" that facilitates viewing of video information, but does not in fact store that video information, contrary to the proposed definition in the draft Eligible Services List. The related operating system for this eligible hardware would also be E-rate-eligible. Video Furnace also understands that some video components are not eligible for E-rate funding, including application software used for the creation of video content, archival storage of video information, and end user equipment. Such eligibility information is already contained in the current List. In the Internal Connections section, under the heading "Video Components," this information appears:

Centralized video components necessary to transport information all the way to individual classrooms or public areas of a library are eligible ... Equipment that is used to control the programming, distribution, and selection of video content can be eligible if used in the transport of information to individual classrooms or public areas of a library, however such components are not eligible if used in end-user equipment and/or are operated directly by end-users.

In addition, the current ESL, in the heading "Ineligible Internal Connections Components" indicates that archival storage, end user video components and components used for the creation of video content are not eligible. These current descriptions of what is eligible and not eligible are a better indication of FCC requirements than would be the addition of the "Video On Demand Server."² For the foregoing reasons, Video Furnace requests that the FCC not change the eligibility status for Video On Demand Servers and recognizes that the eligibility of this product is essential to today's educational market.

Sincerely,

_____/s/_____
Howard Weinzimmer
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² The current and proposed Eligible Services Lists contain the terms "Master Control Unit," "Multipoint Control Unit," "PVBX," and "Enhanced Multimedia Interface." These terms are no longer in common use in the video industry and, therefore, do not assist in providing clear eligibility guidance. The FCC should request that USAC research the current makeup of components in today's video industry and provide updated terminology that will be clear to E-rate beneficiaries and service providers.