

Comments In Response to AT&T's bogus "Who Should Pay for Netflix?" Article (and article)

Let me see if I got this right, Mr. Cicconi... in 1996 your industry accepted \$200 Billion from US taxpayers to upgrade your infrastructure to all high speed fiber-optic connections which could EASILY handle this netflix traffic. Instead of using that money to upgrade said infrastructure, you payed it out as bonuses and dividends, thereby defrauding the taxpayers. Now that the demand is exceeding your outdated infrastructure you are looking for another bailout, this time from netflix, which given past actions, you will probably blow on bonuses and dividends instead of using to upgrade your infrastructure.

Is this correct? <http://www.newnetworks.com/ShortSCANDALSummary.htm>

How about this: you can charge netflix a fee to carry their data, but you have to pay back the \$200 Billion which you stole from the US taxpayers. Also, since you are charging netflix to carry their data, then you no longer need to charge your customers to deliver said data to them.

You make some excellent points, Mr. Cicconi. So,

- 1) pay back the \$200 Billion you stole from the American taxpayers
- 2) stop trying to charge twice to deliver one set of data
- 3) next time think before you shoot off your mouth

AT&T is already being paid to deliver NetFlix content and NetFlix is already paying to be connected via their ISP. AT&T's job is to connect the two parties in accordance existing terms of service. If current pricing models coupled with increasing demand make that impractical from a cost standpoint, then AT&T should simply raise prices for both consumers and businesses like NetFlix. That would be the most transparent way of solving the problem. Of course, it would not allow AT&T to pit NetFlix against another content provider in a bidding war for reliable network service, which is AT&T's real goal here not simply funding network expansion.

The "additional bandwidth" being delivered is already being paid for, since no provider will deliver more than they are contracted to deliver. The consumers are already paying for the bandwidth. The providers are simply unprepared for the demand created by consumers using more of what they already pay for.

Jim,

You would not have a business model without content providers. The only reason I have a and PAY for a 15mb download connection is to access CONTENT.

Content whether its in the form of email attachments, or content from the likes of Netflix.

I am paying for the privilege of pulling content through your pipe. Now you want to simultaneously charge Netflix for providing what I pull.
My agreement is to pull 15MB down anytime I want from anywhere I want.
Period.

AT&T to Netflix: If you don't bribe us to do our job, you're asking for a 'free lunch'
AT&T to customers: If you are a Netflix customer then you are not our customer, and you have to pay us more anyway.

Dude you are the pipe. Don't forget that. That is your utility to the user. I have been an AT&T customer for 20 years. Your reach is exceeding you grasp on this issue. and if you wake that people it will not go well for AT&T (regulation, 40% profits vs 90+) Just deliver the bits

f anything, it should be NETFLIX telling AT&T to pay up or they'll block AT&T users from their service. That would be a great reason to leave AT&T for... say... Charter or HughesNet. Right now, I pay \$46 a month for 6MB service. Charter can provide 30 to 50MB for -less-. Tell me why I should stay with AT&T again? Maybe it's time to explore other options since the guy in charge of AT&T can't see fit to provide proper service or give customers what they want.
It's like the water company saying I can only make lemonade and not tea. I pay for the service. I should be able to do what I want with it.
Just like the state and county build roads with property taxes, it's AT&T's job to provide the bandwidth. WE pay for it with our monthly bill. Not AT&T.
EJ — off to check out deals at Charter.

Oh, that's a great idea. Rather than charging your customers for delivering content, you could instead charge the content providers, that way you could provide everyone with free internet access. (Just like USPS doesn't charge you for receiving a DVD from Netflix since it already charges Netflix for the delivery.) Somehow I think AT&T's intention is instead to charge both the sender and the receiver. Because why not get paid for the same thing twice if you can get away with it?

If you own the pipes, you're a common carrier.

<http://thedigitalfirehose.blogspot.com/2010/12/net-neutrality-is-ruse.html>

Consider all the freebie easements you get. Consider all the money you pocketed from the subsidies granted to you in the 1990s.

You're a common carrier. Live with it.

Mr Cicconi, has AT&T joined Netflix's Open Connect program?

In the unlikely event that you don't know about Open Connect, that's where Netflix provides your company an expanded infrastructure to help take the load off your servers. Netflix provides the equipment, its installation, and its maintenance and upkeep for FREE to AT&T data centers.

Open Connect servers cache Netflix's most popular content locally so that it doesn't have far to travel to reach AT&T customers. This improves service to AT&T's Netflix customers as well as reducing traffic on AT&T's network.

What's that, Mr. Cicconi? Neither AT&T nor Comcast nor TW nor *any* of the major ISPs have accepted Netflix's offer? Why is that? Could you all be colluding to destroy Netflix in favor of pushing your own little closed content contracts?

Mr. Cicconi;

Your missing the point:

As usual Mr. Cicconi and AT&T you have it wrong. AT&T is being greedy and double dipping, looking for excuses to cover up the fact it is screwing consumers and counter arguments against its business model. AT&T should finance its own network upgrades and improvements using a part of the money it earns from its subscribers. We pay for Internet access where we decide to go once we are online is none of your company's business. AT&T needs to be a dumb pipe as do all Internet providers let us choose what services we want to use not prioritize your own content and services or those of other companies able and willing to pay your extortion.

Without true Net Neutrality Netflix will have to pay each ISP a toll for the ISP's users wanting to access Netflix to access the service.

Costs will increase for Netflix and they will be forced to raise prices on their subscribers prompting some to leave Netflix which before was helping cord cutters save money. Netflix subscribers no matter which ISP they have pay for Netflix service – through their subscription fees directly to Netflix.

You need to pay for your own network improvements – upgrading bandwidth etc on your network using a portion of your profits.

AT&T and other ISPs should pay out of their own pocket for their network improvements. It's not Netflix's responsibility or Google's despite former CEO Ed Whitacre's comments.

saw [Reed Hastings' blog](#) yesterday from Netflix asserting in rather dramatic fashion (with diagrams) that ISPs should build facilities (he said provide, but those facilities have to be built) to accept all of Netflix's content – indeed all of the content on the Internet – without charge. Failure to do so, according to Mr. Hastings, was a violation of “strong net neutrality rules” and bad public policy. I thought it might be helpful to unpack those assertions so we could get right down to the core of Netflix's rather radical proposition — that people who don't subscribe to Netflix should nonetheless pay for Netflix. Here are some undisputed facts upon which everyone should agree.

First, let's all accept the fact that the advent of streaming video is driving bandwidth consumption by consumers to record levels. Increased bandwidth consumption and faster broadband networks like our [Gigapower](#) service in Austin, Texas (and soon Dallas) are requiring all service providers to drive more fiber into their networks to create the capacity necessary to deliver those services to consumers, whether the service providers are delivering a wireless or a wireline product. This phenomenon was at the heart of our [Project VIP](#) investment announcement in November 2012 and it is true of companies like Cogent, Level 3 and CDNs like Netflix as well.

Second, we should accept that companies must build additional capacity to handle this traffic. If Netflix was delivering, for example, 10 Terabytes of data in 2012 and increased demand causes them to deliver 20 Terabytes of data in 2013, they will have to build, or hire someone to build, the capacity necessary to handle that increased volume of traffic. That increase in traffic from Netflix is, by the way, not only the result of a likely increase in online viewing by existing subscribers, but also due to an increase in Netflix's customer base (it announced a 33% increase in subscribers from 2012 to 2013 – good for Netflix).

Third, if Netflix is delivering that increased volume of traffic to, say, AT&T, we should accept the fact that AT&T must be ready to build additional ports and transport capacity to accept the new volume of capacity as a consequence of Netflix's good business fortune. And I think we can all accept the fact that business service costs are ultimately borne by consumers.

Mr. Hastings blog post then really comes down to which consumers should pay for the additional bandwidth being delivered to Netflix's customers. In the current structure, the increased cost of building that capacity is ultimately borne by Netflix subscribers. It is a cost of doing business that gets incorporated into Netflix's subscription rate. In Netflix's view, that's unfair. In its view, those additional costs, caused by Netflix's increasing subscriber counts and service usage, should be borne by all broadband subscribers – not just those who sign up for and use Netflix service.

When Netflix delivered its movies by mail, the cost of delivery was included in the price their customer paid. It would've been neither right nor legal for Netflix to demand a customer's neighbors pay the cost of delivering his movie. Yet that's effectively what Mr. Hastings is demanding here, and in rather self-righteous fashion. Netflix may now be using an Internet connection instead of the Postal Service, but the same principle applies. If there's a cost of delivering Mr. Hastings's movies at the quality level he desires – and there is – then it should be borne by Netflix and recovered in the price of its service. That's how every other form of commerce works in our country. It's simply not fair for Mr. Hastings to demand that ISPs provide him with zero delivery costs – at the high quality he demands – for free. Nor is it fair that other Internet users, who couldn't care less about Netflix, be forced to subsidize the high costs and stresses its service places on all broadband networks.

As we all know, there is no free lunch, and there's also no cost-free delivery of streaming movies. Someone has to pay that cost. Mr. Hastings' arrogant proposition is that everyone else should pay but Netflix. That may be a nice deal if he can get it. But it's not how the Internet, or telecommunication for that matter, has ever worked.

TOPICS: [Broadband](#), [Consumers](#)

