

Testimony of Michael T. Williams
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Technology and the Internet
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Chairman Boucher, Ranking Member Stearns, and distinguished members of the Subcommittee, thank you for allowing Sony Electronics this opportunity to testify on this very important issue.

Sony is here today to lend its support to the National Broadband Plan proposed by the Federal Communications Commission and specifically the “gateway device” proposal. When implemented, it will bring consumers both better value and an infinite number of choices of news, information and entertainment. The gateway device will allow for true competition among content owners, service providers and device manufacturers like Sony, and we all know where there is true, robust competition, prices drop and service offerings improve.

The concept of an all-inclusive Multichannel Video Programming Distributor (MVPD) gateway is not something new or revolutionary. In fact, this service model has been discussed among CE and IT manufacturers and the MVPD community for many years. Indeed, the National Cable and Telecommunications Association (NCTA) advocated a version of a universal gateway device in its filings before the FCC in 2007.

A universal gateway device is a natural, evolutionary step in the progression of television viewing over time. For its first fifty or so years, TV 1.0, consumers received video through one technology – a national standard that applied to all over-the-air broadcasters. It was easy to use, it worked well, and allowed for a host of innovation and competition in the television receiver market.

But in the 1970’s and early 1980’s, we entered into TV 2.0, the MVPD age, first through cable operators, then through direct broadcast satellite services, and most recently through video services provided by telephone companies. TV 2.0 expanded consumer choice from a handful of channels to hundreds, and the technologies involved from one to many. But the proliferation of all those different MVPD services came with a price, namely the lack of interoperability between the different service providers.

Now, we are at the dawn of TV 3.0, a confluence of the Internet and traditional MVPD services. TV 3.0 will leverage the massive power of the Internet to enable consumers to tailor their television viewing in ways we can only imagine. It will give consumers a broader array of programming choices. It will enable viewers to interact with the programming they receive and with each other. Most importantly -- and a key task for companies like Sony -- it will give consumers the tools they need to manage their programming choices to get what they want, when they want it, and to decide where they will view it.

Now you may ask, what does this new TV 3.0 world have to do with set-top boxes? Why do Congress and the FCC need to be involved?

The answer requires us to look back at the change from TV 1.0 to TV 2.0. Over-the-air broadcast television relies on a single nationwide standard to transmit a digital television signal from the station to the viewer. Under the Communications Act and FCC regulations, every TV station in the country transmits using that standard, and every television in the country must be capable of receiving it. In that environment we had robust competition among device manufacturers and content providers.

In TV 2.0, there is no single nationwide transmission standard – every cable operator, every satellite provider, uses something different. Since consumers typically subscribe to a single MVPD at a time, they do not want to spend the extra money to buy a television that can receive every one of these many different signals. And without consumer demand, no manufacturer is incentivized to make such a device. Instead, consumers are willing to rent a set-top box that only receives the specific signal that their provider uses – but no others.

The genius of a universal gateway device approach is that it combines the best of both worlds and dramatically facilitates the integration of Internet-delivered video with traditional MVPD services. Simply put, the gateway is a translator. It takes the transmission signal from Time Warner, FiOS, Direct TV or any other competing MVPD service provider and translates it into a signal nationwide standard that retail consumer devices can understand.

There are other elements that are necessary to the success of a gateway approach. First, consumer devices need to operate on a level playing field against each other which requires the use of this common national standard.

Second, in order to provide the best possible consumer experience, the device needs to be able to tell the consumer what content is available on the MVPD service and how to access it.

Third, the national standard output from the gateway device must be simple and open -- like the existing HDMI, WiFi or USB interface standards, for example. It should not come with extraneous licensing or technical obligations that would deter widespread implementation and offer consumers little added value.

Sony believes the gateway device is a workable solution to implement the Congressional mandate contained in Section 629. We're here because we're excited to build the 3.0 version of TVs and other devices and to give consumers unparalleled access to news, information and entertainment. Looking at the gateway proposal in the National Broadband Plan, it's clear that there are details that need to be filled in. But the Committee should understand that the technologies necessary to implement a gateway model are in wide use today, and have existed for many years.

All of us – this Subcommittee, the FCC, service providers, content providers, manufacturers and consumers – have a stake in bringing television viewing into its third age. Sony is convinced that if we all work together, the Commission's gateway proposal can and will succeed.

Sony looks forward to joining these stakeholders to make Television 3.0 a reality.