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Subcommittee on Communications, Technology, and the Internet
“The National Broadband Plan:
Competitive Availability of Navigation Devices”
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Thank you Chairman Boucher, Ranking Member Stearns, and Members of the Subcommittee for the opportunity to testify today on the future of video navigation devices.

I understand this Subcommittee has a long-standing interest in this topic. And I am pleased to testify today that competitive and technological developments have created an innovative and dynamic marketplace that is bringing forth new and exciting choices for consumers. For example, just this week Verizon launched our latest developments that bring Internet video content and hundreds of Internet radio stations to the FiOS TV experience. FiOS TV customers can now simply use their remote controls to search for and enjoy any YouTube video or iHeart Radio station - right on their TV screens. This is in addition to other online video-sharing sites such as blip.tv, Dailymotion and Veoh that were already available to FiOS TV customers. The addition of YouTube, the world's most popular online video community, will add thousands more daily videos to our service, and Verizon continues to work with other partners to increase and simplify consumers' access to content, including online content.

In addition to Verizon's offering, consumers are able to purchase many different devices today to bring content from the Internet to their TVs. In the near future,

they will be able to use devices like these to seamlessly navigate both Internet content and pay TV content regardless of who their video service provider is. This is the vision behind Section 629 of the Communications Act and the motivation for the FCC's recent notice of inquiry. While we look forward to participating in the FCC's notice of inquiry on how best to achieve this vision, we would ask the Commission and other policymakers not to impose a one-size-fits-all technology mandate. Although it represents one possible solution, the approach recently suggested by the FCC is not necessarily the only or best way to achieve the goal of a competitive market for video navigation devices. Differences in video services and in the capabilities of consumer electronics devices will call for a variety of approaches to allow for interoperability and continued innovation in the competitive video market.

As you know, Verizon is a new entrant in the video marketplace. In fact, it's been less than 5 years since we first started offering FiOS TV to the residents of Keller, Texas. Since then, we have expanded the reach of FiOS TV to 14 states with service available to more than 12 million homes. While our customer base of about 3 million subscribers is small relative to our cable and satellite competitors, the innovations we are bringing to the market are forcing our competitors to respond.

FiOS is unique in that we bring fiber all the way to the home. Over the fiber, we currently deliver FiOS Internet services with upstream speeds up to 25 megabits

per second and downstream speeds as fast as 50 megabits per second, and our network will let us increase those speeds well into the future to meet consumer demand. We install a wireless router in the home, creating an instant wi-fi local area network that allows customers to easily connect wi-fi enabled laptops, printers, game consoles, smartphones, iPads, television sets and any other wi-fi enabled consumer electronics device.

When we created FiOS TV, we combined the best of digital cable technology with the emerging capabilities of Internet Protocol TV. On our fiber-to-the-home platform, we have one laser carrying the capacity of an 860 MHz cable system dedicated only to linear programming delivery, and two other lasers delivering upstream and downstream voice, Internet access and FiOS-TV interactive services (such as video-on-demand, the Interactive Media Guide, widgets, as well as search and other capabilities) using a high-speed, high capacity Internet Protocol data infrastructure. The result is an all-digital, crystal-clear TV service with over 130 high definition channels and hundreds of standard definition channels in each market with robust, two-way interactive capability. As a result, our set-top boxes are unique in that they combine traditional one-way cable technology with interactive IP capabilities making them powerful platforms that enable Verizon to innovate and increase the choices available to our customers.

One innovation directly relevant to the topic at hand is widgets. At Verizon, widgets are applications that run on the set-top box. The first widgets that we

created were simple weather and traffic apps, and these are still extremely popular. Last year, we were the first video service provider to bring Facebook and Twitter to the TV. The Twitter widget allows you to see what other people are saying about the same program that you are all watching, turning TV viewing into a social media experience. The Facebook widget allows you to check on your friends' status, update your own, and view Facebook pictures on your big screen TV. And as noted above, Verizon continues to increase and simplify consumers' access to online content, including most recently from YouTube and iHeart Radio.

As we continue to develop widgets with partners like these, we are also working on a software development kit that would allow a wide range of independent developers to create FiOS TV widgets that could be brought to consumers through our TV app store that we call the Widgets Bazaar.

We are not alone in doing this. In fact many consumer electronic devices today – laptops, netbooks, tablet computers, TVs, Blu-Ray players, DVRs and game consoles – have wi-fi connectivity which allows them to access Internet delivered content directly, completely by-passing the video provider's service. Our customers have these devices in their homes today and they are continuing to buy more. They are using them to access YouTube, Amazon Video, Netflix and other video content over the Internet. For example, my teenage son's XBOX 360 is connected to the TV in our living room and we have started using it to watch

Netflix videos over the Internet. We can also watch Netflix on our PC, on my laptop, even on my new iPad.

My family and many consumers would also like to be able to use these same devices to access subscription TV services. This is why Verizon has been actively working directly with a number of leading consumer electronics makers to demonstrate the feasibility of having their devices work as a FiOS TV navigation device and through various, open, standards-setting bodies to establish a suite of standards to make this possible. Of course, many consumers are likely to prefer more traditional methods of accessing video services – such as devices offered by their video providers – and providers should be able to meet that demand as well introducing innovative devices and offerings.

As we move forward with the FCC's notice of inquiry, there are a few key points worth remembering:

First, technology is moving quickly and is being driven by customers' desire to consume media and access information and social networking services on a wide variety of devices. None of us, no matter how smart, knows exactly how all of this will evolve. But what we do know – and the CableCARD experience is a cautionary tale for this point – is that prescriptive technology mandates and one-size-fits-all solutions will not serve consumers well.

Second, traditional multichannel video providers are competing today not only with each other but also with online video service providers, and that head-to-head competition is only going to increase. Walk in any big-box electronics store today and you will find a wide selection of IP-enabled devices – ranging from TVs, to game consoles, to “net-top” boxes – that allow consumers to access video and other content from the Web on a wide range of devices. Therefore, although providers should be able to offer consumers video services using the more traditional devices that many consumers are comfortable with, in order to remain competitive and keep pace with technology, video providers also have every incentive to ensure that their services are available on these devices that consumers clearly want to use.

Third, the advanced FiOS TV services we are offering today aren't the cable services of 1996, or even 2006. The video services that consumers purchase today are no longer limited to a relatively simple package of linear video programming – the common experience until relatively recently. Instead, thanks to advances in technology and increased competition, consumers have access to an increasingly rich multimedia experience when they access their video providers' services. Whether it's selecting a movie from a vast library of offerings, choosing a camera angle for a sporting event, gaining real-time access to an Olympic medal count, or making a home-shopping purchase directly from the TV, consumers are empowered to do many things beyond passively watching prescheduled programming. These advances are also important from the

provider's perspective. Consumers are now able to select and purchase many offerings directly from their devices – rather than calling a customer-service representative and waiting on truck rolls. Similarly, customers are able to use these more advanced services to identify and address many technical or other concerns more conveniently, without time-consuming calls or visits.

Fourth, while these new services are great for consumers, they are also far more complex than cable services of old. This complexity may be incompatible with the vision of a simple gateway device that enables all of a consumer's services. As consumers move from device to device to access their services, all of the key functionality and usability of our service must be maintained. When I go into my FiOS TV service, it should work the same with all of the functionality that I expect to find there regardless of what device I am using.

But making this happen is no simple task. For example, today's digital subscription video content offerings include more than 100 software interfaces between the customer's navigation device and the provider's servers, for handling things like channel changing, requesting interactivity, launching and controlling video on demand streams, requesting metadata about the content to display on the screen, buying and provisioning access to content, or receiving electronic support. It is not feasible that all of these interfaces could be standardized across all types of video providers – something that would be required under the simple, common gateway model.

This is not to say there is no role for open standards, in fact, just the opposite. Having a set of standards to use makes it easier to achieve compatibility. Fortunately, we already have the true, underlying core standard that is necessary to make this happen and that is the Internet Protocol. If you look at all of the Internet based video services out there today, the only open standards that they all have in common are IP and XML – just about every other aspect is unique to each service. And yet devices are easily able to access all of these online video services today.

Finally, even though it has increased complexity, service innovation and differentiation are absolutely critical in the competitive video market and must be encouraged, not stifled. Let's avoid repeating the mistakes of CableCARD and instead look to the Internet approaches that are working. Rather than dictating new technological approaches that would drive everything to the least common denominator or dramatically increase the costs to device makers, policymakers should encourage an approach that allows the capabilities of the new devices to be used to their fullest while at the same time ensuring that the subscriber's services are delivered in full as expected.

These are exciting times. Convergence, broadband adoption and consumer electronics breakthroughs are empowering consumers in ways that few could have imagined only a few short years ago. Verizon stands ready to work with this

subcommittee and the FCC to realize that vision. We are actively engaged in the industry standard-setting bodies working on these issues and we are actively engaged with consumer electronics makers to bring this vision to the market sooner rather than later.