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Good Afternoon:

Thank you to Commissioner Clyburn and the staff at the FCC for hosting this session and inviting me to participate.

I'm Eric Easter, the founder of BLQBOX, which produces original non-fiction programming for public television as part of a "content-first strategy" toward the launch of an OTT non-fiction-based streaming channel. I'm also the chairman of the National Black Programming Consortium, a CPB-funded organization which incubates funds, develops and produces black-focused non-fiction programming for distribution to PBS.

Prior to that I was the CEO of Black Heritage Network, one of the many independent channels who spent an incredible amount of time and money seeking cable distribution but ultimately failed and went to OTT as an alternative strategy. So I come at this issue from several angles that tend to all come to the same conclusion about barriers to entry.

It's important to emphasize that by the time we begin to discuss MPVD access or even OTT access, we have to recognize that both of those distribution options are at the very tail end of a problem of choice and opportunity that is all connected.

The desire of new companies to target diverse audiences stems from a very basic foundation:

There is a strong and unmet demand from diverse audiences who want to see their stories told. A demand that is not being met by the choices they have on public media, commercial broadcast, cable or the major streaming channels.

That seems surprising given the hundreds of channels that exist, but that is the reality.

At the very basic level, producers of content for diverse audience –particularly minority audiences --are often unable to fully fund their ideas, in part because of their inability to find distributors of that content who can guarantee investors and underwriters the profits or visibility they require to make their investment count.

So even in a television world where we may perceive that there is a wealth of content, we need to know that a great deal of real innovation by diverse creators is being left on the table, going no further than the paper they are written on – because of the lack of sufficient distribution channels.

So for many minority audiences, serious choice is still a far away desire.

For the work that does get made, distribution for so many ends after the first few showings on PBS, or after the handful of independent film festivals where so many producers go looking for distribution. So thousands of features, shorts and series fall into a black hole—hard to find, hard to discover they exist, hard to find the creators, and tough to negotiate the rights because producers -- locked out of traditional distribution--, often lack the knowledge to fairly or smartly negotiate the rights to their work.

The diverse channels presently on cable are a start but have not been sufficient to carry to the wealth of undistributed content targeting diverse markets ---and oddly, neither have the major subscription outlets, such as Netflix or Amazon. Still, diverse audiences in the US, particularly Black, Asian and Latino audiences, continue to over-index in the adoption of mobile content viewing, over-index in the hours spent watching cable and broadcast, and even over-index among those still pulling broadcast TV over the air.

So those of us who are working hard to open the cable and OTT markets do so not out of some sense of affirmative action or fairness, but to satisfy a growing and hungry audience that can be the foundation of profitable business that satisfy their viewers. And success for more new entrants in the markets means –eventually -- ending the cycle that stifles content innovation because new ideas lack a path to distribution.

But the barriers remain significant for new players in the OTT field.

They include, but are not limited to:

- Lack of capital to sustain growth during the period of audience development
- Lack of standardization across device interfaces and developer engineering capacity to accommodate the individual development needs of each device
- Problems of placement and discoverability within program guides
- Customer acquisition costs
- The costs of licensing and clearances
- Customer service capacity
- Tough credit card processing requirements
- Increasingly, forced payment structures that limit the ability for new channels to own and directly market to their audience

So what is the role of the FCC in this going forward?

First, opening the set-top box will be critical to the kind of program guide innovation that can make new channels discoverable so that audiences can find them and producers can better know their options for distribution

Second, the FCC should continue its look at the rulemaking suggested by the first panel to enable small MVPDs to open the door to independents in the way they see fit to serve their local and regional audiences.

Third, to begin to monitor the OTT market to ensure that as it grows it does not become the new cable, so we don't find ourselves on this panel again five years from now.

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