

# Netflix for live, local TV? It could happen

November 14 2015, by Jennifer Van Grove, The San Diego Union-Tribune

---

A couple of San Diego entrepreneurs, former executives from the wireless and cable TV industries, believe they can accomplish what might seem impossible: deliver live, local broadcast television - not bundled in a cable package - to any device with a web browser at an affordable price.

Call it hubris or intrepidity, but you can't call it greed.

That's because the company, Telletopia, is tackling local subscription video on demand as a nonprofit. Telletopia is using its status as a 501(c)(4) entity to legally retransmit live broadcast feeds over the Internet without a license under an exemption expressly provided to nonprofits under [copyright law](#). The distinction means Telletopia has found its way around a legal quagmire of regulatory obstacles sinking anyone other than the cable and satellite providers who try and transmit local broadcast channels to consumers over the Internet.

"We believe consumers want competition for pay TV," said Gary Koerper, co-founder and CEO of Telletopia. "We know there's no Facebook IPO here. But we think we can change an industry, and we're crazy enough to do that."

There is, however, at least one major barrier to get past.

Founded in 2013 and self-funded by Koerper, a Comcast and Qualcomm alum, along with ecoATM co-founder Michael Librizzi, Telletopia is

just now taking the wraps off its master plan to change the face of local television. The San Diego firm hopes to sell its subscription service, which streams local channels such as ABC, CBS, NBC, Fox, CW, PBS and Univision, to customers in 14 California markets, starting with San Diego, for less than \$20 a month in six months time.

Telletopia is already running a private test of its service locally. It could legally roll out the Internet-based service more broadly, but the company doesn't want to make enemies out of a broadcaster bunch famous for its litigiousness in matters of content copyright.

Instead, the nonprofit wants to become a modern-day multichannel video programming distributor, or MVPD, a fancy term for a cable and satellite company. The status would mean Telletopia could act like a cable company and negotiate rates with broadcasters to retransmit their signals. The label, however, hinges on a ruling by the Federal Communications Commission, slated for a vote later this year. If passed, the FCC would reclassify online video distributors such as Telletopia as MVPDs.

"We're ready to launch," said Koerper, "but we need this FCC vote (to pass)."

Otherwise Telletopia could be dead on arrival.

"We have exemption from needing a license, and we don't need consent, but for us this isn't about disrupting broadcasters," Koerper said. "We're willing to pay for their content. That's not the fight we want to fight."

Rather, Telletopia hopes to rally consumers to act on its behalf and force the five FCC commissioners to vote in favor of reclassification.

"When we went to FCC, they said the same thing, 'we support it, we like

the idea, but there's strength in numbers."

Telletopia hopes to appeal to adults who have cut ties with their cable companies and young millennials who've never had ties to them. It may even nudge a would-be cord-cutter over the edge by satisfying a latent demand for easy access to local content.

"I see them addressing a broad need in the market," said Greg Ireland, research director of the multiscreen video program at market research firm IDC. "Clearly consumers are moving their entertainment consumption online, causing activities we know as cord-cutting and cord-shaving. Solutions are needed to get access to content (people) love through alternate means."

As it stands, there are roughly 8.6 million households in the U.S. classified as "cord-cutters," meaning they have high-speed Internet access but no cable or satellite television subscription, says a study published earlier this year by Experian Marketing Services. But, according to Nielsen, U.S. adults ages 18 to 24 watch more than 18.5 hours of traditional TV per week, and those in the 25-to-34 age group watch close to 25 hours per week, meaning even younger generations still enjoy consuming a lot of good, old-fashioned network TV.

When it comes to local channels, cord-cutters can, of course, use digital antennas to access the over-the-air broadcasts free of charge. But signals are hit or miss, and the tied-to-the-TV aspect doesn't align with consumers' changing cordless behaviors, Telletopia reasons.

"The world has progressed to the point where ... it expects a video experience like Netflix," Koerper said.

To stream local stations, Telletopia puts an antenna on top of a building to ingest over-the-air signals transmitted by local broadcasters. The

company takes the broadcast signals and converts them to an Internet signal. A subscriber merely needs to open a web or mobile browser to begin watching the big-four networks, as well as public access content, in a matter of seconds, with programming localized to the person's whereabouts. Telletopia also plans to develop applications so that consumers can stream local channels through their Internet-based set-top boxes.

Compared to the now defunct Aereo, the approach is relatively straightforward.

"Our predecessors built funky tech because they tried to find a loophole," Koerper said. "Solving the copyright law allows you to retransmit the full signal. Since it's such a simple, elegant solution to a complex problem, the technology gets really simple as well."

Founded in 2012, Aereo tried and failed to deliver a similar over-the-top, or Internet-based, broadcast service for consumers. The company offered a subscription cloud DVR for local network content, but it was operating without a license to transmit the copyrighted material. Aereo tuned a distinct antenna for each one of its subscribers to over-the-air broadcasts in an attempt to assert that it only created private, personal copies of programming.

In effect, Aereo sought exemption from copyright laws by claiming to act like a personal antenna, and not a public broadcast company. The company, however, was ultimately shuttered after a June 2014 Supreme Court ruling determined Aereo was behaving like a [cable company](#) and thus required to pay fees to broadcasters.

"Clearly the programmers where hostile to Aereo. There wasn't a licensing of the technology there," said IDC's Ireland. "How the regulatory environment unfolds, remains unseen. But what I'm

encouraged by, is (Telletopia's) desire to work with programmers."

Koerper swears that Telletopia's formula is rewarding for everyone - even broadcasters. The company, he said, has spoken with most of the local broadcasters, networks and station owners, who are amenable to the idea. Though rates that would allow for a sub-\$20 plan would certainly have to be negotiated.

"Wanting to pay takes most of the resistance away," he said.

Telletopia may want to pay, but it technically can't yet. That won't legally be allowed until the FCC reclassifies online services as MVPDs.

"We feel like this is just the next step to move the industry forward," Koerper said. "We see the light at the end of the tunnel ... but we need (the help of) consumers to make this happen."

©2015 The San Diego Union-Tribune  
Distributed by Tribune Content Agency, LLC.

Citation: Netflix for live, local TV? It could happen (2015, November 14) retrieved 11 May 2024 from <https://phys.org/news/2015-11-netflix-local-tv.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--