



Monday Night Fool's Ball

Why the FCC would be wise to kill broadcast television

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The recent defection of *Monday Night Football* to ESPN after over 30 years with ABC highlights something that millions of Americans have long realized—the technology behind broadcast television is dead. Satellite and cable are now the dominant television delivery mechanisms with less than 20% of the population still using roof antennas or “rabbit ears” to receive free programming through the airwaves. In this issue of *Dynasty Perspectives*, we suggest that the FCC re-deploy the valuable spectrum that is today wasted by broadcast television.

Many Americans first saw the future of communications at the 1939 New York World's Fair, when black and white television was prominently displayed throughout the exhibition. For the next several decades, technology advanced rapidly with broadcast television gradually surpassing radio as the dominant media form. In the 1954, NBC and ABC added color programming (ABC waited until 1964), which many thought to be the final evolution of the entertainment form. But in the 70s, the introduction of cable television showed that there was much more innovation in television to come. Rising from nothing, cable households grew from 43% in 1985 to 65% in 1995 with nearly all homes capable of receiving service if they chose. In the late 1990s, cable found competition from DBS Satellite Service (Dish Network and DirecTV) that were able to exploit new digital technology to offer superior programming choices at cheaper prices than cable. Today, the FCC estimates that over 85% of American households pay to receive television either via cable or satellite. While we could explore the reasons behind the phenomenal growth of these services, it is sufficient to say that the vast majority of Americans are no longer dependent on broadcast television.

There are two indications that the federal government is aware of the increasing obsolescence of Broadcast television. First, Senate Commerce Committee Chairman, Ted Stevens (R-Alaska) plans to introduce legislation to regulate “indecent” content on cable television. Second, the FCC has mandated that stations must end analog transmissions and broadcast digital signals (“DTV” or “Digital TV”) by the year 2008. Although it receives far less media coverage, the FCC’s focus on digital television is the far more important issue— the switch to digital allows broadcasters superior picture quality while returning spectrum to the government for other uses. While almost 700 stations already broadcast digital signals, many in high definition, consumer adoption has been slow. To increase consumer awareness of DTV the FCC has even created a colorful website (www.dtv.gov).

However the FCC has done too little, too late and it is time to acknowledge that broadcast television is irrelevant. Many, if not most, Americans cannot imagine television without the additional channels brought by cable and satellite. When ESPN moves from broadcast television to cable next year most viewers will notice nothing more than a channel change. So why does the FCC continue to advocate digital television? The most common argument is that the airwaves belong to “the people” and “free” over the air television is necessary for our poorer communities to stay informed. Yet pay-tv penetration is over 60% among the 35 million Americans classified as poor by the 2002 U.S. census. Clearly cable television is viewed as something more than a luxury.

If the FCC could acknowledge that broadcast television is dead, the spectrum currently allocated for television could be freed immediately for more productive uses. We believe that high speed wireless communications would be an ideal use for the airwaves. Imagine America with ubiquitous high-speed Internet access. This bold step would once again catapult the country into a leadership position in technology—a position now lost to Asia and Europe.

This proposal has an international precedent. In August 2003, the city of Berlin, Germany became the first area in the world to end analog television in favor of digital-only transmissions. Residents immediately gained access to more channels through the use of digital compression. Further, the spectrum previously reserved for analog broadcasts is currently being considered for a number of new uses. The U.S. could take Berlin’s example a step further and eliminate broadcast television altogether.

The U.S. has the luxury of many different locations from which to begin a test of the impact of killing broadcast television. A city such as Honolulu, which has cable penetration of 90%, is an ideal location to see how the market reacts to the additional free airwaves. Cable companies have tried many different technologies in the past, but the government has traditionally been reluctant to innovate. Here is the chance.

Killing broadcast television would be a bold move for the FCC and for America. The move of *Monday Night Football* shows that we are ready for the end of broadcast television. Will the FCC be capable of making a bold move? Given the past history any radical change is highly unlikely. But with football on cable anything seems possible.

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