

Prepared Remarks of Commissioner Mignon L. Clyburn
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3D: Diversity, Digital, Demographics
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Thank you, Loretta, for that kind introduction.

Last week, the Upper West Side was consumed with the glitz, glamour and hype of Fashion Week, but for me it is much more meaningful to be here in New York with you during Diversity Week. And thank you, WETv for sponsoring this morning's session. Here's hoping that it will be "Bridezilla" free. We wouldn't want Kyle McSlarrow to get smashed into a wedding cake. Or would we?

I am grateful to NAMIC for welcoming me here this morning. You are to be commended for promoting diversity at both ends of the cable wire. Your work opens doors that might otherwise be closed and better ensures that incredibly talented individuals receive the training and guidance needed to realize their potential and become leaders in the industry. Of course, as leaders in the cable industry, you also help create and deliver content that increasingly sets the standard of excellence on television, in addition to providing an ever-increasing variety of original programming that reflects our multi-cultural society. Don't worry, I'm not going to hold "Jersey Shore" against you.

Last night, I had the opportunity to have dinner with Mark Garner, Kathy Johnson, and other members of the NAMIC Board of Directors. I left the dinner thinking a few things, the most significant being, "How is it that I've been at the Commission for over a year, and this is the first time I've worked with NAMIC?" I ask that because for all of us, promoting diversity is an indispensable means toward achieving our larger goals. As players in the cable industry, your primary job is to run and operate profitable businesses. You understand that in an increasingly multicultural nation, a diverse workforce that mirrors the population and brings a broader set of skills to the table, is going to improve your bottom line.

My job is to promote opportunity and prosperity for all Americans through communications technology. Policies that encourage inclusion and diversity throughout the communications ecosystem are critical to advancing that mission. All of us in this room are committed to the cause of diversity, not only because we believe it is the right thing to do, but because we know it is the smart thing to do.

Your World Is Changing

Of course we have something else in common. Each day we go to work we are all confronted with revolutionary changes that raise enormous opportunities and challenges. Your 3-D conference theme highlights the forces that are driving this change: Digital technology and Demographics, along with Diversity.

We are moving ever-closer to the day when the United States will be a majority, minority nation. The faces of your customer bases and workforces are steadily changing, and businesses want to be sure not to be left behind. And of course, digital technologies are driving a cultural and economic revolution that has been compared to the advent of electricity in terms of its transformative power.

Broadband has become an indispensable platform for innovation and economic growth. It has been adopted by more than 200 million Americans. In the past five years alone, we've seen the explosion of social media which is altering the way we interact. Last year, Facebook added more than 500,000 people a day, and more than half a billion people have now signed up. We've also seen an explosion in mobile communications, with new devices like the iPhone, which spurred new innovations like Droids and the iPad. These changes offer many options for minorities in these explosive industries and as consumers, which has been evidenced by the fact that African Americans and Latinos are adopting and utilizing smartphones at higher rates than the norm.

Of course, the potential implications of these changes for your industry are significant. Consider these statistics. According to a Pew survey released last month, the majority of Americans no longer think that a television set is a necessity—only 42% say yes it is, compared to 52% a year ago. The numbers for 18-to-29-year-olds are even more dramatic. Only 29% believe TV is a necessity. In addition, only 11% say cable service is a must, compared to 33% who say broadband service is essential. Just last week we saw Kagan reporting that the number of paid television subscribers to cable and other services dropped for the first time on record by 216,000 in the second quarter of this year.

Embrace the Future

Obviously, change of this magnitude can be unsettling. There is a natural instinct to resist change and focus on preserving what you know. But in the past the cable industry has demonstrated the ability to resist that temptation. You realize that the right path forward is to embrace the future.

In the 1970s and 80s, cable companies invested billions to build out their infrastructure. In the 90s and the past decade, cable spent billions more rebuilding a product that would challenge its existing product. It seems crazy when you think about it. But today, the United States is one of only a handful of countries in the world where cable is the leading provider of broadband, and cable is in a strong position to lead the market for broadband delivery as the demand for higher speeds and more bandwidth grows.

If you follow this example and focus on the future, you see that there are not only many great challenges before you, there are new opportunities.

Opportunities

Delivering content over broadband networks, what many call “over-the-top-video,” is a great example of one of these possibilities that is both scary and exciting. Obviously, this creates an alternative to traditional multichannel delivery. At the same time, it offers a new way to deliver your content, and if it takes hold, it would favor networks best-equipped to deliver bandwidth-consuming video, which, right now, would be cable. In particular, it could offer more opportunities for content created by and aimed at minorities and women. With non-traditional delivery, content that may attract a smaller following at first can have more time to gain a foothold and become popular—further increasing opportunities for your businesses as content creators and marketers.

New technologies also open new opportunities for advertising. Cable’s niche programming has made it a pioneer in delivering targeted advertising. The Internet can put micro-targeting on steroids.

I also believe there are real opportunities for innovation in the set-top-box marketplace. Whereas we have hundreds of smartphones to choose from, there are roughly a dozen set-top-boxes on the marketplace. Increasing the number of innovators working on finding new and compelling ways to present your content will help you to deliver a richer experience to television viewers.

All of these opportunities carry risks, but ignoring the possibilities created by the digital revolution strikes me as a much riskier proposition.

Embracing the Future at the FCC

As an FCC Commissioner, I’m looking at these changes, too, and trying to figure out what the Commission should do to seize the opportunities of these demographic and digital revolutions.

I mentioned earlier that people can be slow to change, and it has been said that the FCC has also experienced this problem from time to time. But now, the stakes are too high for inaction. We can’t have an analog FCC in a digital world, so that is why I am excited about being a part of the talented team at the Commission to advance policies that reflect future trends.

Diversity Agenda

As our country is becoming more multi-cultural, the Commission’s pro-diversity policies take on greater significance. For too long, the demographic make up of the country has not been reflected in our industries, and particularly not in the media industry. NAMIC’s employment survey gives us a sense of the challenges. Your research reveals that there has been consistent improvement in the overall workforce representation of non-whites in cable, but problems persist. People of color account for roughly one-third of the U.S. population, but only hold 24% of management positions. In

senior management positions, the number is 12%. Another area of concern is retention. NAMIC's survey revealed a slight bias against blacks, Latinos, and women when it comes to retention in cable's overall workforce.

So now you might ask what is the FCC doing to promote diversity in the communications space? First let me say that at the FCC, the working definition of Diversity is not restricted to people of color, but encompasses opportunities for new entrants of all geographic and socioeconomic backgrounds. And in each matter that comes before us, I take into consideration how that decision will promote or affect Diversity. Not all cases and orders will or should, but I find that there are many instances where Diversity can be nurtured, and it's my job to recognize those opportunities and act on them.

Allow me to share with you an example. One of the FCC's responsibilities is to review mergers to ensure that they do not result in competitive harm—a duty we share with the Antitrust Division of the Justice Department. In many cases, merger approvals are conditioned upon the merged entity agreeing to divest certain valuable assets, such as spectrum. Historically, small entities have had a difficult time acquiring spectrum through this divestiture process because too often the assets are bundled in such a manner where only the most highly capitalized entities have the capacity to bid. To directly address that, the FCC recently announced that it will be increasing coordination with the Justice Department on the divestiture process of mergers. Increased coordination will enable us to give additional guidance to entities in the divestiture process in hopes that small businesses and new entrants have a realistic opportunity to purchase communications assets in the future.

Obviously the FCC's upcoming Media Ownership review is another such opportunity we will be reviewing during my term. While I can't discuss the specifics of pending matters, for mergers in the Media industry in particular, commitments to promote and protect diversity are critical. I will value assurances from parties that their proposed transactions and mergers will result in more opportunities for new and diverse entrants, whether in programming or marketing, or in hiring staff or choosing vendors.

OCBO

I am also pleased to report that Chairman Genochowski has reinvigorated our Office of Communications and Business Opportunities under the leadership of Tom Reed. A primary focus of OCBO is helping small and diverse businesses gain access to capital. Just as NAMIC offers valuable mentoring opportunities, OCBO brings lenders and private investors face-to-face with small and diverse businesses to act as mentors.

OCBO is also developing a networking strategy and a program designed to connect larger telecommunications companies with small and diverse businesses, to help position small businesses as potential suppliers, and better yet, as partners on larger collaborations. OCBO also makes expert financial advice available to diverse new entrants through its seminars and, soon, through online tools it is developing.

National Broadband Plan

In addition to preparing for the demographic shifts in our nation, we are responding to the challenges presented by the digital age. More and more, access to high-speed Internet is essential to how we work, how we communicate, and how we receive news and entertainment. Broadband is no longer a luxury, it is a necessity in 21st century America. But 93 million Americans are on the wrong side of the Digital Divide, and they are disproportionately minorities. Despite a 22% increase in broadband adoption among African Americans over the past year, blacks still lag the national average when it comes to broadband adoption—56% versus 66%. And the FCC’s most recent survey shows that only 49% of Latinos are connected. Minority communities especially feel the sting of being offline. According to recent surveys by Pew and the Joint Center, African Americans and Hispanics are significantly more likely than whites to see lack of broadband access as a “major disadvantage.”

As many of you may know, the FCC released America’s first National Broadband Plan in March. The Plan includes a number of recommendations to encourage investment in our broadband networks so that every American has access to broadband. But access alone isn’t enough. Tens of millions of Americans *with access* haven’t adopted broadband, citing three key reasons: cost, digital literacy, and relevance. Some just don’t think it’s important. The Plan proposes encouraging adoption by updating the FCC’s Lifeline and Linkup programs to help low-income consumers pay their broadband bills. It also calls for the establishment of a Digital Literacy Corps to help Americans attain the skills they need to use the Internet.

Cable is stepping up to address this issue, too. I know that Kyle McSlarrow is on the next panel, and I want to applaud NCTA and the cable industry for its work on adoption issues—particularly their leadership role in the Digital Adoption Coalition, a public-private partnership working to make equipment, service, and training available to underserved communities areas, and that is to be commended.

Conclusion

It is my hope that this, our first meeting, will mark the start of enhanced discussions on the ways in which we can make these digital opportunities work for the American people. What factors do you think we should consider as we weigh, for example, the need for more broadband spectrum with the need to maintain traditional media? How do we improve the digital media for local voices so that people are better informed and connected with their communities? I understand that dealing with a lot of these issues and changes will not be easy for you or for me. But I believe that the goals of promoting diversity and building a more inclusive and a better connected America are well worth it.

Thank you and Godspeed.