

## **A Conversation with Glenn Britt, CEO, Time Warner Inc.**

*By: Jamie Schuster, J.D. Candidate, 2015*

Dean Phil Weiser facilitated the conversation and introduced Glenn Britt, CEO, of Time Warner Inc. Britt began by discussing how the decision to build Home Box Office Inc. (HBO) was reached. The decision to vertically integrate HBO into programming came from a lack of products offered by the cable industry. During the 1970's, Time Inc. needed another source of revenue, so HBO was devised to provide movies on a closed circuit. Eventually, HBO started being sold on other cable networks. The decision to sell HBO as a subscription service proved to be a far more powerful pricing model than a pay-per-view service. The success of HBO overcame doubts that consumers were willing to pay for television programming.

The conversation then turned to the history of the Cable industry and the factors that produced the current regulatory environment effecting industry participants. Britt discussed how policy changes during the late 1980s made it so that Time Inc. could vertically integrate and be a producer, network, and distributor simultaneously. The company could then hedge their bets, and in theory, always be where the profits were. Merging Time Inc. with Warner Communications, Turner, and A.O.L. resulted in the complete vertical integration of Time Warner Inc. Disparate efforts to maximize the profits of each branch, at times led to antagonism between the respective companies operating under the same corporate umbrella. This structure lead to concerns that the cable industry was beginning to monopolize.

Following up, Dean Weiser asked for Britt's perspective as head of the National Cable & Telecommunications Association (NCTA) on public policy affecting the broadband industry. Britt asserted that concerns of a monopolized cable industry are no longer relevant. In the early 1990's when the cable industry was largely vertically integrated, legislation was passed to foster competition and negotiations between the cable and broadcast industries, through the creation of "retransmission consent". However, today most consumers watch multichannel T.V. through cable, satellite, phone, or an over-builder. Since fewer people are watching directly off-air than in the early 90s, there is more competition within the cable industry than anticipated. This has spurred shifts in ownership of cable companies to broadcast companies like CBS and Viacom. This shift was not foreseen in 1992. Britt noted that because market conditions or effects of regulation are not always apparent, the government should use restraint when regulating the rapidly changing broadband industry.

Britt then discussed the developing social contract between Internet providers and consumers. Britt described how Internet and cable connectivity has been recently recognized as an invaluable tool during national disaster relief. While emergency 911 services, closed captioning and emergency warnings have long been provided, the utility of Internet and cable services in aiding recent natural disasters relief efforts has become paramount. Accordingly, maintenance of these services in the

wake of natural disasters is becoming part of the social contract between Internet providers and consumers.

Dean Weiser then posed the question of how Time Warner structures pricing so that it is able to discriminate among users by their willingness to pay. Britt explained that the animus toward pricing packages in the broadband industry is unwarranted. The number of dynamic packages currently offered by broadband providers is exponentially greater than in the past. Furthermore, capped data plans are offered along side unlimited usage plans to provide a choice to consumers of what level of data service they prefer to pay for.

Britt concluded by discussing how Internet privacy issues must be addressed in the future. Britt mentioned the importance of offering uniform levels of privacy to different consumers and businesses. While the appropriate level of privacy to provide may be presently unclear, the rules that will be formed to govern this issue need to be uniform in their application to all consumers. However, in general, Congress should be weary of legislation setting strict limits for companies in this area.