

Statement of
Jim Funk
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before the
Subcommittee on Communications and the Internet
Committee on Energy and Commerce
U.S. House of Representatives
on
“The Future of Video”
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Good Morning Chairman Walden, Ranking Member Eshoo and members of the Subcommittee. Thank you for inviting me to testify today about the “Future of Video.” My name is Jim Funk and I am the senior vice president of product management at Roku.

Roku was founded ten years ago in Silicon Valley. We are a rapidly growing company with less than 200 employees, still small by comparison with other companies represented at this hearing. The company’s founder, Anthony Wood, is a serial entrepreneur who, among many accomplishments, started ReplayTV and is considered the inventor of the DVR. While the DVR is now among the most popular entertainment devices, Roku is betting on the Internet as the future of television.

Four years ago, Roku introduced a small Internet connected set-top box that allowed consumers to stream movies from Netflix over the Internet and watch them in high quality on their TVs without needing a computer. The combination of a \$99 Roku player and Netflix streaming was a revolutionary offering. Now, four years later, there are hundreds of models of TVs, Blu-Ray players, game consoles, and set-top boxes offering this streaming video capability. These products can be found today at Best Buy, Wal-Mart, Target, and Amazon.com marketed by well-known brands such as Apple, Microsoft, Sony, and Samsung.

Since the launch of the Roku player, we have sold more than three million boxes in the U.S. and now offer a range of very affordable products from \$49 to \$99. Roku has grown beyond a set-top box and has become an open streaming platform that allows content providers to create applications, which we call channels. Roku now features more than 500 channels that are available to the millions of households which have purchased our streaming players.

Most Roku users have a cable or satellite subscription service in addition to their Roku player, and Roku provides both new entertainment choices, as well as ways to get more value out of a cable or satellite television service.

In addition to Netflix, Roku users can now enjoy tens of thousands of TV episodes and movies on demand from services such as Hulu Plus, Amazon Instant Video, Crackle, HBO, and EPIX. We offer sports packages from Major League Baseball, the NBA, the NHL, and Major League Soccer, and there is news from NBC, Fox News, the Wall St. Journal and CNBC.

Beyond video, Roku users can enjoy streaming music services like Pandora, Internet radio from around the world, photo sharing, and popular games like Angry Birds.

Roku is becoming an alternative way to reach consumers for existing video distributors too. We recently announced a partnership with Dish Network to stream their international programming to consumers who may not be able to install a satellite dish. Customers of Time Warner Cable, Verizon, Dish, and other MVPDs can now enjoy on-demand movies and shows from HBO and EPIX on Roku.

Local broadcasters have even begun to experiment with reaching their audiences on Roku. Today you can watch local news on demand from broadcast stations located in Madison, Wisconsin, Las Vegas, and Indianapolis.

Roku is also a means for content producers who do not have traditional cable or satellite distribution to reach the living room TV via the Internet. For example, we have over 75 faith

based channels, representing everything from individual congregations to Catholic and Mormon Church broadcasts. We even have a channel created by the House Oversight and Government Reform committee where video of hearings like this are available on demand.

We believe that devices like Roku are part of the future of television because of what we already see. The average Roku user streams over 10 hours of video per week, which is almost one-third the number of hours that the average American watches traditional TV. Consumers like the new technology of Internet streaming because it combines all the new content choices with convenience and value. With the widespread adoption of DVRs, consumers now expect on-demand viewing, and the Internet provides virtually unlimited capacity for delivery of on-demand content. In addition the combination of inexpensive Internet connected devices and the expanding selection of Internet video services offer an excellent entertainment value for cost-conscious consumers.

I did not come here today to advocate for specific legislation. Our point of view is that devices such as Roku represent an area of exciting innovation in entertainment and information delivery that are finding a home in the living rooms of millions of consumers. These devices are being embraced by all segments of the entertainment industry as a means to expand the business opportunities for legitimate content distribution. They are also driving the adoption of high speed broadband connections, to the benefit of ISPs.

Our interest here, and we believe this is also the consumer's interest, is that there continue to be an open marketplace for competition in this space. That includes not only open competition between device manufacturers, but also open competition between video services, both traditional and new, as well as competition between Internet service providers. The widespread availability of affordable high speed Internet, open to all video sources is essential to continued growth and innovation in this market.

Thank you for your time today. I look forward to your questions.