

THE ONLINE REPORTER



Thinking ahead about tablets and smart TVs...and the content and infrastructure they'll need.

19-25 August 2011

Issue 745-I

HP Craters in Tablets & Smartphones

- Closes WebOS Operations
- Looks to Sell Off PC Operations

Apple's success in smartphones, tablets and patent lawsuits this week forced two ground-shaking industry changes. On Monday, Google said it would pay an astronomical \$12.5 billion for Motorola Mobility, maker of smartphones, tablets and set-top boxes for the pay-TV industry, to get its patents.

Then on Thursday, HP, the world's largest maker of PCs, said it'll throw in the towel on its tablet, smartphone and WebOS operations although it will try to hand the operation over to another company. It paid \$1.8 billion to buy the operation, then called Palm, last year.

HP said it will ease its way out of the PC business by selling it off to another company.

Reports of less than expected quarterly results and a lowered forecast preceded the two announcements.

HP said the products coming out of the WebOS operation like the TouchPad tablet and Pre smartphones "have not gained enough traction in the marketplace."

An unconfirmed report earlier in the week said that the electronics retailer Best Buy still had 250,000 of the 270,000 TouchPads it had started with. A few weeks before that, Apple said it had sold every iPad it could make in its most recent quarter.

The TouchPad was launched on July 1.

HP CEO Leo Apotheker said on a conference call Thursday "Due to market dynamics, significant competition and a rapidly changing environment — and this week's news only reiterates the speed and nature of this change — continuing to execute our current device approach in this marketplace is no longer in the best interest of HP and HP shareholders."

It's definite that HP is getting out of the tablet and smartphone business but Apotheker said HP will try to find some way to keep WebOS going. HP, he said, is "exploring options for how to best optimize the value of WebOS going forward."

The WebOS operation is part of the company's Personal Systems Group together with PCs and the Group is being evaluated for a spinoff or sale, HP said.

continued on page two

AirTies Picks Quantenna's 4X4 Wi-Fi Chips for Streaming HD Videos

- Flawless Video Streams through up to Three Concrete Walls
- Joins Motorola & Netgear as Quantenna Customers

The big news this week was the Google-Motorola Mobility deal. However, the most important news in the set-top box business is that Turkey-based STB maker AirTies, which has been using Broadcom's Wi-Fi chipsets with 2X2 MIMO, will make two STBs with Quantenna's Wi-Fi chipsets with 4x4 MIMO.

Motorola Mobility (soon to be Google's STB maker) and Netgear have previously announced they will use Quantenna chipsets in some of their networked boxes. Swisscom, a major purchaser of STBs, is an investor in Quantenna.

Quantenna touts its chipset as the "ultra-reliable Wi-Fi networking for whole-home HD video streaming with unmatched range and performance." It said its "state-of-the-art" wireless video performance combined with AirTies' MAC-level distribution software enables solutions that are capable of "flawlessly delivering multiple simultaneous HD video streams in the home through as many as three concrete floors."

Yep, three concrete floors! That should work even in Europe with its stone and concrete walls as well as the States with its mostly sheetrock homes.

"The biggest challenges in wireless video streaming have always been how to mitigate interference and penetrate concrete walls," said Metin Taskin, AirTies CTO. He said AirTies and Quantenna have successfully combined to overcome these problems.

Taskin said, "Our tests show a performance level that outstrips anything available in today's market in terms of quality, range and reliability." He said he's "hugely" optimistic about the potential impact of the combined technologies

on the wireless home networking marketplace." He might have added its impact on wireline home networking like MoCA, HomePlug, wireline Ethernet, HPNA and HomeGrid.

The first AirTies products with the Quantenna chips are new versions of AirTies' wireless video access points: the Air 4610/1 and Air 4640/1.

AirTies will show them in its IBC 2011 booth at RAI September 9 through 13.

Quantenna rival Celeno says it does a better job handling multiple streams of HD video with its 3x3 Wi-Fi chipsets and delivering wireless streams to single MIMO devices like tablets and smartphones.

Quantenna is ecstatic about the deal because it's another "proof-of-concept." Lionel Bonnot, VP of sales and business development at Quantenna, said, "AirTies has built a strong reputation for optimizing 802.11n technology using dual-mode concurrent architectures and other proprietary enhancements." He said Quantenna is excited about how well the AirTies boxes perform using Quantenna's 4x4 MIMO chipsets with advanced beam forming and channel-optimization capabilities.

Quantenna said its chips produce the highest performing Wi-Fi on the market and can distribute multiple video streams at 1080p-120, 1080p-60 and 1080i resolution through several walls and over long distances. Its QHS7xx 4x4 MIMO 802.11n chipset delivers up to 600 Mbps of bandwidth throughout the home, it said, and enhances coverage when connecting to non-4x4 MIMO clients such as iPads or 2x2 and 3x3 MIMO clients that are often found in laptop computers.

The chips, it said, overcome typical problems traditionally associated with wireless video distribution, such as lost packets, jitter and latency.

continued on page two

Quote of the Week...

"Comtrend's HD Video Extender has literally changed the way we deploy IPTV," said Bryan Nelson, field services manager for MTA. "What used to take an installer four hours can now be done in 1.5 hours. The ROI speaks for itself and the quality of transmission is rock-solid and dependable."

Stat of the Week...

Strategy Analytics said that worldwide revenue from connected TVs will exceed \$95 billion in 2015 and be more than 25% of the overall connected device market. By that time, it said, two-thirds of all flat-panel TV units sold will be smart TVs.

AirTies: *continued from page ONE*

They operate in the 5 GHz frequency band to avoid interference, and utilize dynamic digital beam forming along with channel management to regularly scan all available channels for noise, interference and traffic and then select the optimal route for interference-free multi-channel, HD video streaming.

The jointly developed Air 4610/1 and Air 4640/1 APs are plug-and-play and provide feedback to users with two LED lights that indicate whether or not the product is connected and HD video is streaming.

HP: *continued from page ONE*

HP CFO Cathie Lesjak said, “Essentially the TouchPad and our WebOS phones have not met our financial targets and other milestones that were set. To make this investment a financial success would require significant investments over the next one to two years, creating risks without clear returns.”

HP said it plans to post a one-time charge of \$1 billion in the quarter related to the WebOS business shutdown and other restructuring costs. It said it may also book a charge related to the value of the WebOS business but did not say how much that would be.

HP did not say whether any jobs will be cut but it seems almost certain they will.

HP did not say who it might try to get to take over the WebOS operations but companies such as **Samsung, HTC and LG** must be at least a little upset by their Android supplier Google for buying their rival Motorola Mobility. A lot depends on how good WebOS is and can be.

In short, Apple, and to a lesser degree Google’s Android, have raised the hurdle too high for HP to overcome. “Too little, too late” sealed its fate.

Google’s Motorola Mobility Acquisition to Impact STB Makers

The following did **not** appear in the news flash that *The Online Reporter* sent Monday.

Google’s acquisition of **Motorola Mobility (MM)** will have implications in the industry that makes and buys pay-TV set-top boxes. That’s assuming that Google doesn’t take the Motorola Mobility patents and run by selling the smartphone/tablet and STB box operations to someone else, either together or separately. **Cisco, Pace, Technicolor** and perhaps **Sony** or **Samsung** might be interested in the STB business. **HTC, LG, Samsung** or **Sony Ericsson** might be interested in buying the smartphone operations.

Motorola chief Sanjay Jha has said since he first joined MM that he thinks there can be a powerful synergy between mobile devices and TV-connected STBs. It only takes a cursory examination of **Apple, Samsung** and **Vizio** to see how they can be “entertained” in consumers’ homes. Vizio last week launched a \$300 8-inch tablet that can serve as the remotes for Vizio TVs and a dizzying array of surround sound system brands.

Google Chief Larry Page said in announcing the acquisition, “Motorola Mobility’s total commitment to Android has created a natural fit for our two companies. Together, we will create amazing user experiences that supercharge the entire Android ecosystem for the benefit of consumers, partners and developers.”

Gupta said the deal will allow for “real convergence” in Motorola’s smartphones, tablets and STB businesses.

Both companies face two common competitors in smartphones, tablets and TV-connected STBs: **Apple** and **Microsoft**.

The AirTies boxes offer Fast Ethernet or Gigabit Ethernet connections and can connect wirelessly to existing STBs that have Wi-Fi and to smart TVs and other smart devices.

No pixilation! No interference! These are AirTies’ promises, even when streaming multiple HD videos in the home.

The AirTies boxes will be available for shipping in the fourth calendar quarter of 2011. To help with remote tech support and remote diagnostics, they also have remote management software that’s compliant with TR-111 and TR-069 standards.

For starters, Google and Motorola Mobility might plot a strategy that could:

- Produce a saleable Google TV technology that consumers could figure out how to use. That’s something Motorola Mobility is so much better at doing than Google — not that anyone could have created a user interface worse than Google’s.
- Add Android, and perhaps some of the Google TV technology, to the STBs that Motorola makes for practically all the world’s pay TV companies. It competes mainly against Cisco, Pace and Technicolor and could force them to follow suit.
- A saleable Google TV would raise the ante for Apple and perhaps force it to innovate, perhaps by licensing Apple TV technology to makers of TVs and Blu-ray players. It could also prompt Apple to add more online video services, although, knowing Apple, that is not as likely.
- Google TV instantly gains a global sales force that is on a first-name basis with every pay TV company in the world — or at least they should be. The pay-TV companies are a better distribution force for Google TV than Sony and **Logitech** have been.

Smart TV Operating Systems

Apple iOS is only available on Apple TV

Google’s Android is used as an OS and configured for Google TV. Sony and Logitech sell smart TVs based on Google TV technology.

Intel-backed MeeGo, a variant of Linux

There’s no doubt that the acquisition is intended primarily to gain patents for Google — 17,500 of them and another 7,500 pending, but the deal could also shake up the world’s set-top box business at a time when all pay-TV companies are either implementing or will soon implement an IPTV strategy.

More Companies Now Control Hardware & Software Destiny in Smartphones & Tablets

- **Samsung Chairman Calls for Company to Buy & Build Software ‘Prowess’**

Google’s pending acquisition of **Motorola Mobility** lengthens the list of companies that wholly control the functions and performances of their smart phones and tablets. It’s a trend we have been reporting on for months. They now include:

- **Apple** with its iOS operating system for iPads, iPhones, iPad touch and the Apple TV adapter.
- **HP** with its now defunct WebOS for tablets and smartphones and reportedly other HP devices like printers and other companies’ appliances and cars. It has said it’s open to licensing WebOS to other companies. Now it’s open to selling the whole operation.
- **RIM** like Apple uses an OS that it developed and owns and has

More: *continued on page THREE*

More: continued from page TWO

never licensed any other company to use it. For its tablet and for future smartphones it acquired an accomplished OS developer called QNX. It has made clear it'll use the QNX OS in future devices but did not in its newest BlackBerry smartphones.

- **Microsoft/Nokia** are not one company, but they might as well be, what with Nokia's total abandonment of its Symbian OS and complete allegiance to Windows Phone 7 for its future. Why should Microsoft buy Nokia when it effectively already owns Nokia's heart and soul? Neither has a publicly announced a strategy for tablets, although Microsoft says its coming Windows 8 OS will get it back in the tablet game.

- **Intel** doesn't own but it does back and influence the MeeGo OS and it has its own CE processors. It has no announced plans to make CE devices that we know of but is heavily involved in device makers' product development of everything from smart cars to smart TVs and tablets. Intel wants to sell its processors and other semiconductors.

That leaves the Asian makers, most notably **Samsung, LG** and **HTC** plus **Sony Ericsson** and others without an operating system they can call their own and control. Perhaps they'll be interested in taking over HP's WebOS.

Initially the Google acquisition of Motorola Mobility and its 24,000 or so patents may ease their lawsuit load, but in the long term it raises questions. What would have happened in the PC's early days if Microsoft had said it was buying **Compaq** or **IBM's** PC division? Would we have HP, **Dell, Acer, Lenovo** and the like?

Samsung is the world's biggest maker of Android smartphones and tablets and is almost totally dependent on Google's Android for them. It has, however, taken a few baby steps by developing an OS called Bada for the low-end of the smartphone market.

Perhaps the Google acquisition is the reason Samsung Electronics president chairman Lee Kun-hee this week called for his company to seek measures, including acquisitions, that would enhance Samsung's software "prowess," according to a **Reuters** report.

"Chairman Lee told top managers to come up with various measures, including mergers and acquisitions to enhance software competitiveness," Kim Soon-taek, head of the Samsung Group office, said to South Korean reporters.

So, who might Samsung buy? It's likely to be a series of smaller software developers instead of a software giant, unless it goes for WebOS.

MeeGo and Windows Phone 7 may be looking better now that Google's move has created turmoil in the smartphone and tablet markets. It's not likely to be calmed in the near future.

Google Forced to Buy Motorola Mobility for 63% Premium, \$12.5b

- Patents, Patents, Patents and Those Nasty Apple Lawsuits
- Android on Every TV: Implications for the Pay TV STB Industry
- Will Apple be Forced to Rethink Apple TV?

This article was sent on Monday the 15th as a news flash to subscribers to The Online Reporter.

Apple's success in smartphones, tablets and with patent lawsuits, especially against Android hardware maker **Samsung**, has forced **Google** to buy **Motorola Mobility** (MM) at a 63% premium over its market value. Several factors forced the move, but the most significant ones are patents, patents, patents.

Motorola Mobility owns 17,500 patents and has 7,500 more pending, an area that has become increasingly important as rival Apple has used patent lawsuits to keep Android products off the market in Europe and Australia.

Google chief Larry Page said, "We recently explained how companies including **Microsoft** and Apple are banding together in anti-competitive patent attacks on Android. The **US Department of Justice** had to intervene in the results of one recent patent auction to 'protect competition and innovation in the open source software community' and it is currently looking into the results of the **Nortel** auction. Our acquisition of Motorola will increase competition by strengthening Google's patent portfolio, which will enable us to better protect Android from anti-competitive threats from Microsoft, Apple and other companies."

Other makers of Android-based tablets and smartphones like Samsung and **HTC** are not expected to like competing against the Google-owned Motorola Mobility — but might like the fact that the acquisition could ease their patent battles against Apple and Microsoft.

Google said Android will remain open so as not to frighten off other makers of Android gear to **HP**, Microsoft or to their own OS. Google said the acquisition will "supercharge the Android ecosystem" and "enhance competition in mobile computing." It would, of course, put that slant on the acquisition. It also said it believes in Motorola Mobility's plans and will run Motorola Mobility as a separate business that still must license Android.

Google chief Larry Page acknowledged Motorola Mobility's leadership in "the home devices and video solutions" market. He said Google will work with Motorola Mobility "to support our partners and cooperate with them to accelerate innovation in this space."

There are other reasons for the acquisition:

- MM was the first and one of the biggest sellers of Android smartphones and tablets. Yet, there has been talk that MM was developing its own OS for smartphones.
- Google has indicated that none of the smartphone and tablet makers have done as good of a job at designing Android products as it could have.

Mobile Operating Systems

- Apple's iOS
- Google's Android
- HP's WebOS, which it is trying to sell off in its entirety
- RIM's QNX-developed BlackBerry Tablet OS is in use now only on RIM's PlayBook tablet
- Microsoft's Windows Phone 7, most famously headed for Nokia
- Microsoft's Windows 8, a late attempt at salvaging its place in the tablet market
- Intel-backed and Linux variant MeeGo, aimed at smart cars, smart TVs and portable PCs
- Samsung's Bada, designated for low-end phones in emerging markets
- Baidu, China-based search engine and download music service, has said it's developing an operating system for mobile devices

The move has implications:

- Now that Motorola Mobility will get the inside track on developments with Android, what will Samsung and other Android hardware makers do? Turn to Microsoft's Windows Phone 7? Or to HP for its WebOS, which has faltered? Have a go at **RIM** and its QNX operating system? There's always the **Intel**-backed MeeGo OS. Samsung has said it's developing an OS for low-end phones.
- RIM's decreasing market value makes it a candidate for acquisition.

Google: continued on page FOUR

Google: *continued from page THREE*

tion because of its loyal base of subscribers — perhaps Samsung. If Nokia was not already so deeply involved with Microsoft, Nokia might be a candidate for acquiring RIM or vice versa.

- Will the move force Microsoft to acquire Nokia as has been rumored? That would leave the market without a strong independent mobile OS for Asian makers like Samsung or HTC to use. Microsoft might better serve its long-term interest by not buying Nokia, leaving it with the only un-tethered mobile OS as has been the case with PCs.

- Google has made a mess of its Android-based Google TV as shown by **Logitech's** recent results. Perhaps Motorola Mobility's skills at set-top box design could sort things out.

- Google wants its Android OS on every device possible, including TV sets, so it can show its search-based ads. Perhaps it'll use MM to widen its efforts in STBs and smart TVs. The main OS players currently are Microsoft with Mediaroom for the telcos' IPTV efforts, Intel with the Linux-based MeeGo and various other versions of Linux. Apple has not been as successful with Apple TV as it has been with its other iOS devices. Perhaps Apple will get the AirPlay bug and let other CE makers embed the Apple TV technology into their devices. Motorola Mobility, which recently acquired Denmark-based **Dreampark** for its IPTV middleware and user interface, competes against the likes of **Cisco**, **Pace** and **Technicolor** in STBs for the pay-TV industry.

- **Dell**, **Acer**, **Asus**, HTC and other PC and tablet/smartphone makers will now have to compete against Google hardware that comes from Google's Motorola Mobility division.

A high level executive at one of the major STB makers said the two companies couldn't have more different cultures. He doesn't think Google will have the long-term courage for the hardware business and will likely focus first on software and then exit STBs and tablets, but keep phones. With Eric Schmidt gone and Larry Page in place, he said, "perhaps this signals a new appetite from Google."

Perhaps in the end Google will see the dangers of being in the hardware business. If so, it'll keep all the Motorola Mobility patents but sells off the divisions that make mobile phones and STBs. After all, it has farmed out making Android tablets, smartphones and Google TVs.

The most significant name not mentioned is **Sony** with the burden of its billion-dollar loss in TV operations. Sony is an interested observer with its involvement in mobile phones at **Sony Ericsson** and in STBs with its PlayStation gaming console.

Google is paying \$12.5 billion for Motorola Mobility. That's compared to the \$9 billion that rival Microsoft paid for **Skype**. Who got the better, more useful deal is something that time will tell.

Google recently lost out on buying Nortel Networks' patents to a consortium of Apple, Microsoft, **EMC**, RIM, Sony and **Ericsson**. It then bought some patents from **IBM** and has been rumored to be negotiating to buy **InterDigital** for its patent cache.

Motorola Mobility's largest shareholder Carl Icahn has been pushing it to monetize its patents after Nortel's was auctioned for \$4.5 billion.

The proposed acquisition is expected to close later this year or early next after it runs the regulatory gauntlet.

What we know is that with Google's acquisition of Motorola Mobility and its patents, its lawyers may sleep a bit better. However, Microsoft and Apple have both sued Motorola Mobility for patent infringements, so the patent wars are not over.

Amazon Follows Trend by Buying Its Own Content

- **Think Netflix & YouTube**

- **Why Do Disney, News Corp, Comcast Want to Sell Hulu?**

Tell me again, **Disney**, **News Corp** and **Comcast's NBC Universal**, why you want to sell **Hulu** and turn your content's distribution over to a company that might soon be competing against you?

There's a small trend building for online content distributors to acquire their own content — to become the content owner. Think **Netflix** and **YouTube**, which have made similar moves.

Add **Amazon**, the world's largest online retailer, to that list. Amazon has made the first major acquisition for its print publishing operations by buying all worldwide rights to a new book called "The 4-Hour Chef" from the bestselling self-help author Timothy Ferriss. It will publish the book in print, digital and audio formats next April.

Amazon recently hired the former CEO of **Time Warner Book Group** Larry Kirshbaum to head the operation.

Ferriss said the reason for moving to Amazon was not just a question of which publisher to work with but "a question of what future of publishing I want to embrace." He said his readers are really into digital.

In the industry parlance, Amazon is a "frenemie." Print publishers need it to sell digital books because it's far and away the largest distributor of e-books.

Despite their protests to the contrary, Netflix, Hulu, YouTube and the like are also slowly turning into "frenemies" to content owners in the online video industry.

If Disney, News Corp and NBC Universal have a management problem at Hulu, they should put their own man in to run it, someone who'll be loyal to them and not to the OTT industry. If the **FCC** mandate has interfered with NBC Universal's rights to manage Hulu, then it should sell its shares of Hulu to someone who'll be more interested in maximizing revenue from content than in maximizing the number of OOT viewers — like, say, **CBS**, **Viacom**, **Sony Pictures** or **Time Warner**.

Good News for iPad's Competitors

Here's good news for companies that compete against the iPad — if it's true. **Apple** will not launch an iPad 3 this year, according to *9to5Mac*, which said Apple will launch it in the first half of 2012. That's a few more months for other tablet makers to get their acts together.



HomePlug Alliance 2011 Conference November 8-9 in San Francisco

Get in on the action.

Annual shipments of HomePlug broadband products are expected to triple by 2014.

Explore applications ranging from digital entertainment to smart grid/smart energy.

Get an in-depth understanding of the HomePlug interoperable standards family and the HomePlug certification program and resources.

This Week in Content Deals

Companies	Details
Movieclips, Google	Movieclips partnered with Google to provide over 20,000 HD clips from its catalog for viewing on YouTube.
Netflix	Netflix inked a deal to expand its DVD and streaming service to Spain in January 2012.
The Weather Channel, Twitter	The Weather Channel partnered with Twitter to offer a social and local element to its coverage of the weather called The Weather Channel Social, a service that allows users to see real-time tweets about local weather next to forecasts from The Weather Channel.

This Week in Finance Deals

Companies	Details
HTC, Beats Electronics	HTC invested \$309 million in Dr. Dre and Jimmy Lovine's Beats Electronics digital sound accessories company and will partner to create mobile audio features for a new line of handsets this fall.
AOL	After its stock lost more than a third of its value, AOL is making a stock repurchase of \$250 million in hopes of boosting earnings for shareholders.
Elevator Labs, KGC Capital	Digital business and invention company Elevator Labs landed \$20 million in funding from KGC Capital.
Movieclips, MK Capital, SoftTech, Shasta, Richmond Park Partners, First Round	Movieclips received \$7 million in a Round B of funding led by MK Capital, with prior backers SoftTech, Shasta, Richmond Park Partners, First Round and individual investors also participated.
Google, Motorola Mobility	In an effort to expand on its catalog of patents and intellectual property Google bought Motorola Mobility for \$12.5 billion, Google's largest acquisition ever.
TiVo	DVR developer TiVo plans to "maximize value" for its shareholders by buying back \$100 million of its stock over a two-year timeline using existing cash.
Time Warner Cable, Insight Communications	Time Warner Cable inked a deal to purchase ninth largest cable company Insight Communications for \$3 billion in cash.
Thought Equity Motion, Shamrock Capital Advisors	Video content platform and licensing service provider Thought Equity Motion scored \$25 million in funding from Shamrock Capital Advisors.
MetroPCS Communications, Rhapsody	Mobile phone service provider MetroPCS Communications partnered on a deal with Rhapsody to utilize its streaming music platform on various prepaid MetroPCS Android phones.

BROADBAND BEAT

NBN Co Retailers to Offer Triple-Play Services

NBN Co, a government-owned company that will design, build and operate at wholesale Australia's new fiber-based broadband network, said it will offer its retail service providers the ability to offer HD video channels in addition to broadband.

It said its retailers will be able to offer competitive triple-play services of voice, broadband and video content to customers with a fiber connection. The video channels, it said, can include non-English speaking channels, HD, 3D, interactive services and social TV.

The service is expected to be available by mid 2012 with testing starting this year.

NBN Co said it might offer multicasting over the wireless and satellite access networks in the future.

ENABLING TECHNOLOGY

Sony Slashes Prices of Google TVs

Logitech recently cut the price on its **Google TV** adapter called *Revue* from \$250 to \$99, the same price as the rival **Apple TV** and **Roku** smart TV adapters.

Now **Sony** has followed suit with its Google TVs, showing what a poor product Google produced.

The big draw of the Google TV technology was that it could be used to browse the Net, plus it had the usual OTT apps, as we reported in a page one article that lauded the product. Then we bought and tried it, which raised the question of whether any executive at Google, Sony or Logitech had ever tried the product at home. Obviously not, or it would have never made it into a retail store.

Try one to see everything Apple would not have done!

Here's hoping **Motorola Mobility** doesn't let Google engineers near its set-top boxes.

Sony says there are better models of its Google TV on the way. Here are the new Sony prices for its Google TV models:

Screen Size	Original Price	New Price
24	\$600	\$295
32	800	498
40	1,000	723
46	1,400	961

Big cuts, eh?

Sony, of course, has many other and bigger problems in its TV operations like missing its sales forecast by 5 million TVs and losing money in it for eight straight years and saying it'll lose another billion on it this year.

Standard for Delivering 2D, 3D, Mobile TV Being Developed

When you eavesdrop on shoppers in electronics stores, there's the sense that 3D still doesn't look like it's ready for TV despite all the claims by set makers and the studios. When consumers first watch an HD TV and see a movie, sporting event or nature show, they say, "Hey, I have to have one of those." That's not true with seeing a 3D set for the first time — and with those awkward 3D glasses.

Now the TV industry's **Advanced Television Systems Committee** (ATSC) says it's overseeing the development of a technology standard for delivering 3D content to fixed terrestrial receivers and to mobile devices in real-time. It hopes the technology can be deployed in a year. It said 2D TV sets will also be able to show the video.

"The addition of 3D TV capability to the digital TV (DTV) broadcast standard will foster new broadcast services while preserving the integrity

of legacy TV receivers by adopting a system that allows for simultaneous delivery of 2D HDTV, Mobile DTV, and 3D programs within the same channel while ensuring backwards compatibility," said ATSC president Mark Richter.

CableLabs and the **Society of Cable Telecommunications Engineers** (SCTE) are also working 3D standards.

HP Pushing WebOS Out the Door

Somewhat late-to-market and with no success stories to tell, **HP** is closing its WebOS operation including its TouchPad tablet and Pre smartphones.

Good luck, HP! Google, Apple, Intel, **QNX**, Microsoft and a host of Linux houses will celebrate WebOS' demise.

Arxan Sees Rise in Tamper-Proofing DRM As UltraViolet Takes Form

Arxan Technologies is excited about **DECE** implementations, being a member of DECE, now renamed UltraViolet, which appears to be ready for industry-wide deployment.

Arxan is making a name for itself because in multi-screen video systems there is less and less potential for every device to have hardware help in protecting video assets, as conditional access systems always had. What is needed in order to support multi-screen delivery is a way of making a downloadable piece of software, such as a DRM or a DTCP-IP software client, about as unbreakable as conditional access has been for the past 20 years or so.

"Unbreakable" is not the right word. What we really need is a series of protections that make it unprofitable to bother to break, either because it is only partially broken, because the finger will be pointed immediately at the pirate, or because the system will have its keys revoked, stop working and put the pirate to a lot more trouble in terms of accessing commercial content with the screen — presumably a tablet or a PC. We want to limit piracy on software-downloaded systems, to the real pirates, and even then give them some serious speed bumps.

Vince Arneja, VP of product management at Arxan, said that Arneja sees lots of opportunities for fortifying software in UltraViolet, but also in TV Everywhere systems, as well as App Stores. It's obvious that the world wants more entrants making their way into the segment for software-only protection systems, whether they're downloadable DRM or the systems underneath that protect them.

Arxan joined **Digital Entertainment Content Ecosystem** (renamed UltraViolet or UV) last November, and UV has opted for working with

Arxan: continued on page SEVEN

ENABLING TECHNOLOGY

Arxan: *continued from page SIX*

five separate DRMs, in the **Open Mobile Alliance** OMA2, **Microsoft's** PlayReady: **Widevine** (now owned by **Google**), **Adobe's** DRM and **Intertrust's** Marlin DRM.

UltraViolet is a rights locker that keeps track of what content rights you have on what devices, and ensures you can move a copy from device to device, even if what that actually means is getting another copy of a piece of content sent to another device, working under a different DRM which moves keys differently.

A new version should have the same rights entitlements served from some central authority.

DECE came out of the stranglehold that **Apple** was placing on content, by making it all specific to Apple devices. The idea was that every-

one else would free content up from being on only one type of device by bringing in some form of interconnectivity.

What it amounts to is a set of seamless transfers from one device to another within a designated domain, like a family or a set of registered devices. Yes, it requires DRM, but in order for it to be taken up widely by content businesses, underneath that DRM software it needs to be tamper resistant, which amounts to containing key protection, among other things.

This article is extracted from *Faultline*. For a free copy of the complete version, please e-mail paperboy@riderresearch.com and ask for FL413.

HOME NETWORKING

MoCA Gets Two New Members: Google & MaxLinear

The **Multimedia over Coax Alliance** (MoCA) announced that chip-maker **MaxLinear** has joined MoCA, but the really big news for MoCA partisans is that **Google** will soon be a MoCA member as a result of acquiring **Motorola Mobility**. Motorola Mobility embeds MoCA chips in many of the set-top boxes it makes for the pay TV industry.

MaxLinear makes chips for set-top box makers plus for digital televisions, mobile handsets, PCs, netbooks and in-vehicle entertainment devices. Patrick Tierney, senior director of product line marketing at MaxLinear called MoCA "the worldwide standard for home networking."

MoCA president Charles Cerino, who is a long-time **Comcast** employee, said MoCA technology "will provide MaxLinear with a range of cost-effective and future-proofed solutions."

MoCA is included in the DLNA stack and the IEEE 802.1AS standard. Its adherents are participating in the IEEE-sponsored effort to develop P1905, which will create a bridge between MoCA, Wi-Fi, HomePlug and wireline Ethernet. The objective is to have a single chipset for all of a home's existing wires and wireless networking. Installations will become easier for both the pay TV service providers and consumers.

MoCA has about 55 members and has certified more than 100 products.

HomePlug Alliance 2011 Conference on November 8-9 in San Francisco

HomePlug powerline technology has become a major force in home networking, especially for telcos that want to distribute their pay TV service throughout the home and offer whole-home DVRs — and what a treat they are!

The **HomePlug Alliance** says annual shipments of HomePlug broadband speed products are expected to triple by 2014.

To help companies interested in HomePlug the Alliance has organized a conference in San Francisco on November 8-9. It will:

- Highlight the underlying applications for adoption of powerline networking and how HomePlug technology provides the foundation for standardization.
- Explore product applications ranging from digital entertainment to smart grid/smart energy.

- Provide an in-depth understanding of the HomePlug interoperable standards family.

- Detail the HomePlug certification program and resources.

Speakers will be from technology and vertical industries plus industry analysts. They'll cover:

- Examples of high volume deployments of HomePlug products for applications such as IPTV and over-the-top video

- Consumer electronics, automotive, appliance, chip and networking manufacturers, service providers and utility companies

- Future standards and product interoperability

- HomePlug AV, IEEE 1901 and upcoming standards such as HomePlug AV2, IEEE 1901.2 and IEEE 1905.1

Yep, P1905, the effort to create a bridge between HomePlug, Wi-Fi, MoCA and wireline Ethernet.

HomePlug Alliance president Rob Ranck said the number of installed HomePlug devices will soon reach 100 million. He said the two-day conference "is designed to offer a real world overview of how the technology is being developed, implemented and certified."

Ranck expects and will especially welcome companies that have not yet started HomePlug projects.

DirecTV Deploying MoCA/Wi-Fi Adapters for Whole-Home DVRs

- Other Pay TV Services Expected to Follow Suit This Year

DirecTV is deploying MoCA/Wi-Fi adapters that show what most pay TV companies that deploy MoCA are likely to offer by year-end — unless they wait for P1905 to be finished, which seems unlikely.

DirecTV's two new MoCA adapters are made by a Taiwan outfit named **Wistron NeWeb** (WNC):

- **DECA BB** (for broadband): provides DirecTV set-top boxes with direct access to DirecTV's broadband-delivered VoD service called DirecTV Cinema and to other Web services. It attaches a DSL or cable modem to the MoCA coax network, which connect to DirecTV's STBs. DECA BBs can also provide an Ethernet port in other rooms.

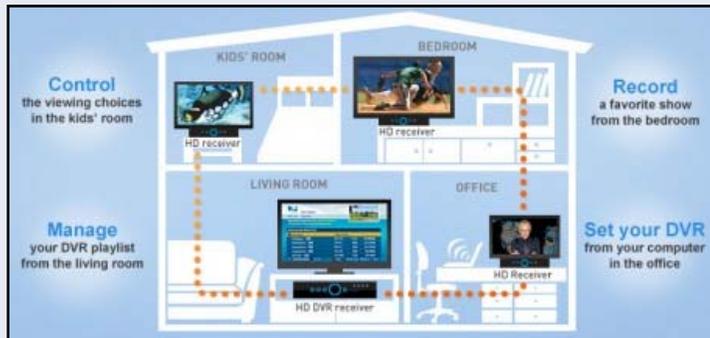
- **DECA Wi-Fi**: creates a Wi-Fi link between a Wi-Fi router and the MoCA coax network. It is used if the broadband modem is not next

DirecTV: *continued on page EIGHT*

HOME NETWORKING

DirecTV: continued from page SEVEN

to a coax connection. It can also be used as a Wi-Fi Access Point in otherwise dead Wi-Fi hotspots by connecting to the MoCA network.



Schematic for DirecTV's Whole Home DVR

DirecTV needed the DECA adapters to help in its push to sell whole-home DVRs, which must be linked to STBs that are attached to the TV sets in other rooms. Whole home DVRs (\$3 a month for DirecTV's) are addictive for their "start watching in one room (like the living room) and finish watching in another room (like the bedroom)" capability. DirecTV touts the other advantages as:

- A single, combined playlist of all recorded programs in the home
- Every room with a TV has all the DVR controls, such as record, delete, pause and rewind
- Manage DVR playlist from any connected room
- Set separate parental controls for each TV

It says that shows recorded in HD can be watched in HD on any HD set. Other pay TV companies that have standardized on MoCA are expected to follow suit.

Keep in mind that the version of MoCA that DirecTV uses is not the same as what the rest of the world uses because it runs on a different frequency, but the end-user application is the same.

Wistron NeWeb has made for some time a 4-port Ethernet-to-Coax Bridge (ECB) using MoCA that can be used to connect up to four devices at one location to the MoCA network — like TV, gaming console, Blu-ray player, surround sound system or smart TV adapter like an Apple TV.

The MoCA/Wi-Fi adapters that DirecTV and other pay TV services are deploying are NOT part of the separate **IEEE** effort called P1905 that will create a bridge for MoCA, Wi-Fi, HomePlug and wireline Ethernet devices. P1905 could serve a similar purpose to the DECA adapters but be less expensive and easier to deploy.

Now all we need are OTT widgets on the pay TV companies' STBs but we don't expect to see a **Netflix** or **Vudu** icon on them any time soon.

Telco Matanuska Streams HD Pay TV Videos Wirelessly in the Home

The tiny Alaskan **Matanuska Telephone** has deployed more than 1,000 **Comtrend** HD video extenders to stream HD content within the home from its pay IPTV service.

Comtrend's HD Video Extenders (WAP-5834) completely bypass hardwiring and powerline adapters for flicker-free HD video. The

Comtrend box is a Wi-Fi-based HD Access Point that distributes multiple HD IPTV streams within the home using the 5 GHz band.

It sure beats pulling CAT 5 Ethernet or coax cable.

"Comtrend's HD Video Extender has literally changed the way we deploy IPTV," said Bryan Nelson, field services manager for MTA. "What used to take an installer four hours can now be done in 1.5 hours. The ROI speaks for itself and the quality of transmission is rock-solid and dependable."

Matanuska is a locally owned co-op in Palmer, Alaska, but the results of its Comtrend deployment could have global implications for pay TV companies. It subscribers live in an area that's 10,000 square miles.

Comtrend's VP of sales and marketing for North America John Di Frenna, said, "Quite a few families can now move their TV's to practically any room and on any wall that they want."

Comtrend produces networking equipment such as bonded DSL, ADSL2+ and VDSL2, as well as GPON, STBs and VOIP.

Wi-Fi Eyes the Living Room

- **Targets Every Aspect of Home Networking**
- **Wi-Fi .11ad Version Aims for 7 Gbps**

Wi-Fi has spent the past few years stretching itself at either end of its local area network home base — up into carrier class networks and superfast media connections, down into low-power implementations with a smart energy profile (SEP) for the vogueish market for smart energy.

This month has seen further discussion of the potential for Wi-Fi to support high-speed HD video in the emerging 60 GHz band.

In the light of its acquisition of Wi-Fi pioneer **Atheros**, **Qualcomm** has been speaking out on the technology's future in the living room — though with some caution about the prospects for 60 GHz. William McFarland, VP of technology at Qualcomm's Wi-Fi division, said the emerging 802.11ac standard for gigabit wireless is the future for the technology in the main-stream, and that runs in the conventional WLAN band at 5 GHz. The .11ad 60 GHz standard will play a "complementary but more limited role" in the foreseeable future, he believes.

Pushing Wi-Fi's limits even farther will be increasingly difficult, and potentially a game of diminishing returns. He said in an interview with *EETimes*, "There are not too many wireless design tools left on the table" beyond what the .11ac and .11ad standards are adopting. "We haven't implemented multiple-access OFDMA or multiuser uplink yet, but that's very difficult to do," he said.

Sample chips for both .11ac and .11ad standards should emerge late this year with products following in late 2012. Both are targeted at high-speed, high-def multimedia networking around the home. The .11ac spec relies on multiuser MIMO and 256QAM over 5 GHz and it can support gigabit speeds over current Wi-Fi distances when implemented with 80 MHz of bandwidth and at least three antennas. By contrast, .11ad can reach 7 Gbps by using even wider channels since there is so much capacity in 60 GHz, but the range will be far shorter, so multi-room links will be unlikely.

While .11ac products will eventually replace the current 802.11n fast Wi-Fi standard, the 60 GHz platform will open up new applications entirely. "We feel the two systems are quite different and not really competitive with each other," McFarland said, and expects many modules to support both options in future.

This article appeared in *Wireless Watch*.

IPAD & THE MANY OTHER TABLETS

Report: 90% of HP TouchPads at Best Buy Still Unsold

- \$1.2b Investment in Palm Was Lost

HP closed its Web OS operations and said it would try to find someone to take it over. The TouchBook disaster at **Best Buy** prompted the closure.

Word had leaked out that the electronics retailer Best Buy still had 90% of the HP TouchPads from the original shipment. The retailer had reportedly sold only 25,000 of the 270,000 that had been shipped.

You have to wonder why 25,000 people bought one.

If the report is true, it's a devastating blow to HP's ego. The report from *All Things D* did not say whether Best Buy had paid for the TouchPads or could return them to HP for full credit. We're guessing they can be sent back to HP for full credit. HP is reportedly heading for a meeting at Best Buy's home office to plead for patience.

In explaining a \$100 price cut, HP avoided the real issue — poor sales — and said the price cut was because it “continually evaluates pricing for its products and is pleased to permanently extend its back-to-school promotion on the HP TouchPad.”

Reviews of the TouchPad reported it as buggy, slow and missing some important features. There's no excuse for turning out a sub-par tablet after HP saw what happened to **Microsoft**. HP even scuttled a tablet at the last minute that ran Windows 7.

The TouchPad's opportunity to be an iPad killer ended because the dogs aren't eating the dogfood. Want to bet HP pulls a Samsung and doesn't report TouchPad sales when it makes its quarterly report?

That big investment HP made to acquire **Palm** has to be written off. That'll hurt a lot more financially and ego-wise than taking back 200,000 or so TouchPad's from Best Buy.

RIM Now Must Contend with Facebook Platform

- More QNX Setbacks with Mail & Messaging

The most disappointing aspect of RIM's QNX-based PlayBook is it did not have the defining feature of BlackBerry smartphones: push e-mail. RIM can no longer afford to be complacent about its strengths in messaging and mail; however, many users and carriers still love its superior efficiency and ease of use.

Now it seems that the first smartphones running RIM's new QNX operating system, due early next year, may also debut without this most critical of functions, pushing users towards **Microsoft**'s Exchange instead.

Handset rivals and OTT firms are getting into the messaging game, and RIM now has **Facebook** to contend with, as the social networking giant leapfrogs **Apple**'s promised iMessage with its own Facebook Messenger.

Facebook's advantage lies in its huge user base on mobile devices — about 250 million active customers, it claims. These are twice as active as non-mobile users of the service. The company has alliances with 200 cellcos in 60 countries, and several partnerships with handset makers to pre-integrate its app on their devices, or even create full “Facebook phones” like those from **INQ**.

To fight back against Facebook, iMessage and others, RIM needs to get e-mail and messaging sorted out convincingly on the QNX operating system, preferably before unleashing any more devices on consumers.

This is extracted from a report in *Wireless Watch*. A free copy is available to **Rider Research** subscribers by e-mailing paperboy@riderresearch.com and asking for WW414.

LEGAL MATTERS

Samsung's Tab Can Be Sold in the EU

The EU-wide ban on **Samsung**'s Galaxy Tab 10.1 has been lifted everywhere except for Germany, but not because of anything **Apple** did or didn't do.

The decision seems to be made solely on jurisdictional concerns, when looking at what the court said, which bodes well for Samsung as it appeals the case.

Apple seems to have used some faulty images and comparisons of the Galaxy Tab, adjusting its size and ratio to look more like the iPad — it's unclear if this was accidental or purposeful.

The court said that the decision was made because it was unclear under EU law as to whether or not the German court could ban a South Korean company from selling products outside of Germany.

Florian Müller of **FOSS Patents** said the court made no mention of the substance of Apple's complaint when making the ruling to overturn the injunction. “Therefore, the question of whether Apple's evidence was suitable or not has, at least in a formal sense, not played a role in this decision on a suspension,” Müller wrote.

Now, the injunction remains in Germany, which means that no new Galaxy Tab 10.1s can be imported into the country and that Samsung's German arm is barred from selling the device anywhere in Europe.

When the injunction was first ordered, Samsung appealed, and its hearing is set for August 25.

Google Will Defend Devs Against Lodslys

Google has joined the side of **Apple** in the coming battle against the patent troll **Lodslys**, which has made claims against developers for both of the big companies' mobile operating systems.

Lodslys has earned its patent troll calling as the company holds patents largely for the purpose of licensing them out and then goes on suing sprees to see if it can push companies, typically very small companies, into paying licensing fees for patents. Lodslys purchases patents from others and appears to offer no set of goods or services beyond that.

Lodslys is suing developers or offering them licensing “deals” for infringing on two of its patents, the one at the heart of the matter concerns in-app purchases.

Lodslys has deals with Apple and Google for these patents but said that these companies cannot wave a “magic patent wand” to make their agreements cover developers.

Apple has pledged to fight the suits and now Google has filed a request to have the patents involved in the case invalidated.

Whatever happens will take some time, but it is unlikely Lodslys will win any injunction against app sales or will win the case in the end since Apple and Google do have some control over how their OSs handle in-app purchases. Apple even said so in a brief it filed this week, claiming it has the right to intervene in the case because Apple provides the in-

Google: continued on page TEN

LEGAL MATTERS

Google: *continued from page NINE*

app billing procedure and technology to developers.

Both Apple and Google will dump a lot of money into these defenses because of two clear benefits: 1) it fosters loyalty to not only pay these licenses themselves but also to defend developers against any lawsuit; and 2) not stepping up to the plate would keep developers from wanting to invest in future apps because it would not create a safe atmosphere.

Google and Apple taking two different approaches also helps every developer involved and will end up being a good way to end up securing victory against Lodsys. War does make some strange bedfellows, eh?

HTC Makes Serious Patent Play Against Apple

HTC has shown some gusto in its smartphone fight with **Apple**, filing a patent infringement lawsuit against Apple in a federal court in Delaware, accusing Apple of infringing three patents in all of its iOS devices.

The move honestly looks like a step HTC is taking in order to gain a leverage point against Apple because it has four patent lawsuits and two pending **International Trade Commission (ITC)** complaints against HTC.

Apple first targeted HTC in March of 2010 when it filed two federal patent infringement suits and an ITC complaint that covered 20 patents. These were largely viewed as a blow against Android since Apple filed similar suits against **Motorola** and **Samsung**.

HTC, despite having a decent mobile patent portfolio, may be regretting its decision to fight. First it was forced into a corner by **Microsoft** and ended up making a deal to avoid litigation there. HTC has filed suit against Apple before, but was met with Apple filing for additional patent infringement claims covering four additional patents in May. In July, Apple added four more patents to the pile with a new lawsuit and ITC complaint against the latest version of HTC products.

One of the original ITC complaints is set to be solved very soon and could be a major coup for Apple if it wins, since the patents involved cut to the heart of the Android OS.

HTC's new claim is directly related to that impending decision. In its latest suit, HTC has won an initial determination by the ITC that Apple has infringed upon two graphics-related patents it acquired when purchasing **S3 Graphics**, though that case is related to the Mac OSX and not iOS or devices like the iPhone. Additionally, two of HTC's patents involved in that suit were ruled as invalid.

HTC's new patent claims cover mobile devices and how a PDA can be

integrated with wireless communications — this is a tough sell but may work out for HTC — as well as patents that cover wireless communications in relation to the implementation of Wi-Fi. These Wi-Fi patents were originally held by **ADC Telecommunications**, a US company recently bought by Switzerland's **Tyco Electronics**. HTC seems to have acquired these patents recently as it was shopping around for patent protections.

The goal here will likely be to help ease tensions with Apple. Apple currently has more patents and ITC cases leaning its way, so HTC may just be able to avoid legal fees and make smaller payments when the day is done — something that would help everyone get back to funding products.

Microsoft Patent Shows Possible Streaming OS of the Future

A recently published patent in the US has given a bit of insight to **Microsoft's** future plans for a stream-based OS.

The patent, entitled "Fast Machine Booting Through Streaming Storage," explains a method of booting a virtual OS through remote storage and covers a variety of devices, including laptops, STBs and mini-computers.

ConceivablyTech first noted the patent and the idea's basis on virtual storage systems. According to the patent and note, Microsoft suggests that the data required to boot up the machine would come from storage and be streamed to the device, but other data and user files could be kept in a cache on the local device — flash storage or RAM most likely.

Microsoft said the method facilitates "fast boot because the virtual disk is available for use immediately, rather than needing to download an entire operating system image before booting from that downloaded image."

This seems similar to a recovery method provided for in **Apple's** OS X Lion that recently hit shelves. For Apple's OS, users can start their Mac directly from Apple's servers and then the system runs a series of tests on the device after which it provides a recovery OS image.

Since the upcoming Windows 8 will have heavy cloud integration, it is believed that some of this remote OS concept will be featured in a mobile build out for Windows 8 devices. The goal here for keeping the data required to start the device small would be a benefit to anything that's using a 3G or 4G network.

Microsoft has a BUILD conference set for next month, so there may be more to come from that.

LIES, DAMN LIES AND STATISTICS

Linear TV Viewing in the UK Increases by 48 Minutes a Week

The amount of time UK consumers spent watching traditional linear TV — none of that OTT stuff! — increased by 48 minutes a week, according to a survey by **Thinkbox**. The numbers refute the theory that OTT has cut into viewers' TV time, at least in the UK.

Despite many non-linear digital alternatives increasingly available, there is still a lot of life in linear commercial TV in the UK with viewing increasing by 48 minutes a week to over 18 hours in the January-to-June 2011 period. Thinkbox is owned by **Channel 4**, **ITV**, **Sky Media**, **Turner Media Innovations** and **UKTV**, all of which have a vested interest in touting linear TV.

The study said that despite the popularity of the **BBC** iPlayer, 4oD and the **ITV** Player, 91% of TV viewing is live TV and 9% is time-shifted.

Thinkbox thinks that social media commentary on a second screen, smartphone, PC or tablet that lets users "share" and "message" about what they're watching may have caused the increase by making live viewing more compelling. It said 75% of those with broadband and digital TV have used their "two-screen" capabilities.

It said it believes digital recorders and HDTV enhance TV viewing and draw viewers to linear TV and on demand TV. It said 89% of on-demand TV is to catch-up with linear TV.

The average UK TV viewer spent 18 hours and 9 minutes watching commercial linear TV a week during the first six months of 2011, an increase of 1 hour, 47 minutes a week for the prior five years.

Linear TV: *continued on page ELEVEN*

LIES, DAMN LIES AND STATISTICS

Linear TV: *continued from page TEN*

And now for the commercial. Thinkbox said the number of ads viewed at normal speed — no fast forwards — increased 4.7% during January to June 2011 over the first half of the prior year and 22.1% over the last five years.

It said the average viewer watched 47 ads a day during the first six months of 2011 compared to 45 ads during the same period last year, a total of 2.7 billion TV ads that were seen at normal speed everyday in the UK.

Lindsey Clay, Thinkbox' managing director, said that linear TV viewing couldn't keep breaking records forever and had to stabilize at some point. "It appears that this is now happening," he said, "although, within this, commercial TV is still growing a little, which is great news for advertisers and a testament to the choice and quality it offers." He said on-demand TV is expanding total TV by adding to this stable linear base. "What is clear is that every new technology that joins TV — from connected TV sets to social media — is making it even more enjoyable for viewers and even more effective for advertisers," he said.

It'll be interesting to see what the same study would show for the US where OTT and DVRs are more popular — or what the UK numbers will look like in a few years when OTT and DVRs have spread more widely.

Telcos' IPTV Pay TV Market Booming

Cablecos at The Cable Show clearly signaled they want to switch to IPTV technology as soon as they can to enhance the consumer viewing experience and retain subscribers.

The world's telcos are well under way deploying IPTV technology, according to research from **MRG**. It said the global IPTV market will grow to \$49 billion in service revenue, primarily driven by the engine of multi-screen video.

MRG does not include the cablecos in its analysis.

It predicts there will be 113 million IPTV subscribers by 2015 and that 25 of the pay TV services that use IPTV technology will have more than one million subscribers plus nine will have over three million subscribers.

The US telcos **Verizon** and **AT&T** dominate and will each have over 7.5 million subscribers.

Europe will have 12 IPTV operators with over one million each, MRG said.

Suppliers of IPTV equipment will also prosper, MRG said. Their IPTV revenue will increase \$4.8 billion in 2015. Set-top boxes represent about 60% of that.

MRG said the growth of IPTV market is in line with consumer demands for Wi-Fi in smart devices. Smart TVs, it said, are not impacting overall STB penetration, due to the difficulty of TV makers in getting enough content-rights and due to the slow replacement cycle of TVs in most parts of the world.

A major benefactor of IPTV growth will be **Microsoft**, whose Mediaroom software runs most telcos' STBs, Verizon being an exception.

Intel is also after the market with its low-cost, low-power Atom processors and the open source MeeGo operating system.

Google wants a go at it with the Android operating system as typified by Google TV. It's not clear what impact if any Google's acquisition of STB maker **Motorola Mobility** will have on deploying Android in STBs. Right now, Google is still counting all of Motorola Mobility's patents and seeing if there are some that can stave off patent lawsuits from **Apple**, **Oracle** and **Microsoft**.

Apple is so far a non-player in IPTV except for selling a very few

Apple TVs and taking advantage of the demand for the iPad's use for second-screen TV such as texting while watching a TV show.

UK Consumers Buying Bigger TV Sets

Skeptics who have said Europeans wouldn't follow Americans in buying larger TVs with an Internet connection are finding they're wrong.

Best Buy UK says the average British television set's size has increased to 36-inches in the last year. And UK regulator **Ofcom** says they're buying smart TVs too. More sets being purchased are larger than 40-inches.

Demand for sets between 40 inches and 47 inches increased 93% when compared to the same spring and summer months in 2010, Best Buy said in a *Daily Telegraph* article. (They have summer in the UK?)

It said a main cause is a price decline of about one-third in the price of "giant TVs."

Best Buy UK's head of home theater and entertainment Rob Wilkins said, "The advent of 3D and Internet-ready smart TVs has got people pulling out their tape measures again and opting for extra large 42-inch models and above."

You have to admit that when you first saw a big HD set you wanted one, and when you learned about the "free" shows on **LoveFilm** and the replays on iPlayer, you wanted them too. The LoveFilm "free" is as in "free" once you pay a monthly subscription.

Wilkins said 3D films such as the Harry Potter and Pirates of the Caribbean flicks were making 3D "mainstream" and encouraging people to buy bigger televisions. "Screen size braggers are back," he said.

Smart TVs Lead the Way for Internet-Connected CE Devices

Amazing! CE devices that connect to the Net will account for 70% of the CE market value by the end of 2011, according to **Strategy Analytics**.

Set to lead the way to universal Internet connectivity during the next five years are TV sets, it said, with major set makers **Samsung**, **LG** and **Sony** pushing smart TVs. It might also have mentioned US bestseller **Vizio**, which has been ramping up its smart TV platform.

Strategy Analytics said that worldwide revenue from connected TVs will exceed \$95 billion in 2015 and be more than 25% of the overall connected device market. By that time, it said, two-thirds of all flat-panel TV units sold will be smart TVs.

Technology companies like **Intel**, **Google**, **Microsoft**, **Apple**, **Facebook** and **Amazon** will be interested in those numbers. Also interested are home network and broadband companies — Google and its **Motorola Mobility**, **Technicolor**, **Pace** and **Cisco** plus chipmakers for those industries like **Broadcom**, **Qualcomm** and its **Atheros**, **Entropic**, **Sigma Designs** and **Texas Instruments** plus the processor design firm **ARM**. And let's not forget the world's pay TV services who have bet their futures on selling subscriptions although most of them will benefit from the increased demand for broadband bandwidth.

They all have to plan based on the fact that 80% to 90% of all homes in North America, Europe and the Pac Rim will have smart TVs in a few years, as *The Online Reporter* has been predicting.

Jia Wu, senior analyst in the digital consumer practice at Strategy Analytics, said, "Although growth in the overall TV market will be modest, the market value of connected TVs will more than double during the same period."

LIES, DAMN LIES AND STATISTICS

iPad Reigns Supreme in the Hearts of Buyers

- 94.5% Want an iPad
- There Really Is No Second Place

Not only do none of the tablet makers, except for **Apple**, know how to make tablets that people want, but they also don't know how to market them.

Consumers who plan to buy a tablet are mostly only interested in buying an iPad, according to a study by the company **Robert W Baird** and reported in the *New York Times*.

The survey asked 1,114 people, most of whom lived in the States.

The results showed these preferences:

iPad	94.5%
HP TouchPad	8.3% (but probably few who shop at Best Buy)
Samsung Galaxy Tab	8.3%
Motorola Zoom	8.5%
All others were below 5% including HTC Flyer, RIM Playbook, LG G-Slate and the Acer Iconia.	

Jayson Noland, the analyst who wrote the report, said it is very unlikely that any iPad competitors would be able to catch Apple in the near future. "I find it hard to believe that anyone can compete with the iPad," he told the *New York Times*. "I do think there are opportunities for companies outside the personal tablet category by offering a much, much lower-cost product that can be used in the

workplace as a productivity tool."

He said that comparably equipped Android-based tablets would have to sell for half or less than the iPad to compete.

LG Joins Sony, Samsung in Missing Forecast for TV Sales

Taking some of the sting out of **Sony** missing its forecast for TV sales (22 million instead of 27 million), **LG** this week cut its global forecast by 20%. In addition to Sony and LG, **Samsung** and **Panasonic** have said it's tough selling TV sets this year.

LG said, according to a report by *eDaily*, "TV sales are seen sharply below our original target and may come in at around 32 million units this year, as the euro zone fiscal crisis is likely to continue and a US consumption recovery also remains uncertain."

LG earlier had predicted sales of 40 million flat-panel TV sets in 2011.

LG did not comment directly on the forecast, instead saying "We are keeping our eye on the economic environment in the United States and much of Europe, which have not recovered as quickly as expected. We have not made any official announcements to date that would alter or change our current situation."

Impacting sales are the tepid economy, inflation, stock market gyrations, rising unemployment, debt problems in Europe and the US and threats to cut government services to citizens.

Confirming what LG, Sony and Samsung have reported, the research house **DisplaySearch** said most makers of panels for LCD TVs have reduced their forecasts for the remainder of 2011.

ONLINE MUSIC SERVICES

MetroPCS Chooses Rhapsody for Unlimited Music Service

MetroPCS had teamed up with the digital music service provider **Rhapsody** to introduce a "Music for All" unlimited, ad-free service optimized for Android handsets that will come included in MetroPCS' prepaid \$60 monthly rate plan. This plan offers unlimited talk, text and Web access as well as other Metro services like a visual voicemail, MetroNavigator and Pocket Express.

Music for All offers more than 12 million songs that users can stream or download to their handset with no per-track or per-album charges. It also allows users to create playlists and sync them with a PC and share them on social networks, plus gives access to original Rhapsody editorial content.

The service isn't bad by itself and rolling it in to an all-you-can-eat data offering makes it that much more appealing. Offerings like this are going to end up being some of the best competition to big players like **Pandora** and **Spotify**.

MetroPCS has an estimated 9.08 million customers in the US, about 25% of which are smartphones. The company's COO Tom Cook said that 38% of the handsets the company sold in Q2 2011 were smartphones.

MetroPCS' main competitor is **Cricket Communications**, which launched **Muve Music** about six months ago, a very similar offering that also comes in an all-you-can-eat data, text and Web subscription for \$55 per month. Cricket said by the end of Q2 it had more than 100,000 Muve customers and that the average Muve users spends between two and three hours per day listening to music on their mobile.

Muve customers average 400 song downloads per month, have downloaded a total of more than 100 million songs and play back more than 100 million songs each month. According to Cricket, 99% of Muve users download and play songs each month while 66% use the service for ringtones and ringback tones.

18.6% of Swedish iPhone Users Choose Spotify

Spotify has been quiet on its mobile numbers, but mobile data company **Onavo** has published an estimate based on its own users that 18.6% of Swedish iPhone users are using Spotify's mobile app.

Onavo said for other countries, usage looks something like this among iPhone owners:

- Norway: 13.1%
- Spain: 5.8%
- US: 3.4%
- UK: 2.9%
- Netherlands: 2.5%
- France: 2.4%

The US number seems high but these numbers coming from Onavo it might be the reason for skewing a little high. By definition and its own admission, Onavo users are a bit more tech-savvy than the average iPhone user, so they're a bit more likely to be early Spotify adopters as well.

ONLINE MUSIC SERVICES

Onesheet Secures 10,000 Artists in One Month

The upcoming world of Web music is a unified front, at least according to **Onesheet** and the 10,000 artists and DJs that have signed up for the service in its first month. Onesheet aims to help artists create a single Web site that pulls in content and data from a wide variety of other sites and services, presenting what the artist wants in a clean and clear space. "I'm blown away by how quickly word is spreading throughout the industry," said founder Brenden Mulligan. "I've never seen early growth like this before for an artist focused product." From artists we've talked to, this service is shaping up to be what **Myspace** was originally for: musicians. It was supposed to be a great hub to control access of their content and promote fan interactions — yes, that was a positive note about Myspace, it really was quite good for music in its early days.

The Future of Music Is Games

Technology Strategy Board's IC tomorrow initiative is expanding its focus to cover games. The Future Games contest will offer four funding grants of £25,000 (\$41,400) to developers that pitch innovative ideas in four categories: music (supported by **EMI**); use of game technology in non-game settings (**PIC Media**); use of digital creative content (**National Geographic**); and social games that use existing networks (**Tate**). The four winners are also introduced into the IC Tomorrow community of 50,000 members for trials. All semifinalists get access to the community but no funding.

Aspiro Hits 300,000 Paying Subscribers

Scandinavian **Aspiro** has released an interim financial report that shows some of the first news of its **WiMP** music service, including 100,000 new subscribers, thanks to a deal with Norwegian TV service provider **Canal Digital**.

"Music is now Aspiro's largest business segment in sales terms, and has passed 300,000 paying users, double the previous quarter," said CEO Gunnar Sellæg. "So far, our music services are present in four countries. We're also continuing negotiations on further launches."

Aspiro's music services make around \$4.1 million each quarter, but the company's earnings before interest, taxes, depreciation and amortization show a loss of around \$1 million, according to *Music Ally*.

BPI Offers £100k to AIM Indie Relief

The UK's industry group **BPI** will provide a £100,000 (\$165,700) fund to help independent labels that were affected by last week's fire at the **Sony DADC** warehouse during the UK's riots. The funds will be administered with the help of independent music body **AIM**, which established a relief effort last week. BPI said the fund is coming from its own coffers as well as member donations. More funds are expected to crop up over the coming weeks, from labels, retail partners and industry bodies.

40% of YouTube Visitors Watch Music Videos

Despite being a haven of cat videos, **YouTube's** bread and butter is still music content.

According to the latest numbers from **comScore**, YouTube delivers music videos to 40% of its visitors, with **Vevo** accounting for a total of 38% of YouTube's monthly viewers. **Warner Music Group** was the second most popular channel on the site, behind only Vevo, and accounted for 20% of all viewers in the month of July.

comScore found that Vevo's 59.7 million viewers watched an average

of 14.1 videos each during July, while Warner Music's 31.3 million viewers watched an average of 6.3 videos. It does appear that there is some overlap between these two channels.

comScore released the numbers to promote a new service that tracks the number of views and viewers for YouTube's content partners.

US Labels, Artists Gear Up for Rights Scuffle

Got a song licensed in 1978? If so, you could join the ranks of Bob Dylan, Loretta Lynn, Tom Petty and Tom Waits, among others, who have filed paperwork to take back ownership of such recordings under US termination rights laws.

The battle has been brewing for some time, but in short these artists say they're entitled to regain control of content created 35 years ago, as long as they apply for regaining control at least two years in advance.

The reason 1978 comes up is that it's the first year covered by the "termination rights" legislation, which means artists have begun applying this year.

"In terms of all those big acts you name, the recording industry has made a gazillion dollars on those masters, more than the artists have," says Don Henley of The Eagles and the **Recording Artists Coalition**, told *The New York Times*. "So there's an issue of parity here, of fairness. This is a bone of contention, and it's going to get more contentious in the next couple of years."

Despite these artists' intentions, the **RIAA** is gearing up for war. The rights body claims that these termination rights don't apply to sound recordings since they were made under work-for-hire contracts.

The issue will slowly hit over the next few years, but the legal wrangling will have big implications for every digital music service. If all of these artists win their arguments, it means iTunes, **Amazon MP3**, **Spotify**, **Pandora** and everyone else will have to begin yearly updates for all their older licensed content.

It also means that the first month of every year will see some gaps in content as services try to figure out who has retained what content rights.

HTC Challenges Sony Ericsson's Walkman with Beats Deal

- Raises the Bar for iPhones, Other Android Phones on Music Quality

HTC continues its recent shopping spree, taking a 51% stake in advanced headphone maker **Beats Electronics**. The Taiwanese firm has been busy buying specialists in software and multimedia whose technologies can help keep HTC's Android and WP7 smartphones ahead of the curve in functionality. With the Beats deal, it will challenge **Sony Ericsson's** Walkman-branded focus on excellent sound quality.

It will roll out smartphones during the fourth quarter incorporating Beats' internal sound profiling technology and accompanied by the firm's high-end headphones, which are branded Dr Dre after the famous music producer.

Beats is a venture between Dr Dre himself, **Interscope Records** (part of **Vivendi's Universal Music Group**) and Interscope's chairman, Jimmy Iovine. HTC will pay about \$300 million for its controlling stake, not only upping the stake in mobile music quality but depriving rivals of similar partnerships.

HTC said Beats will not be allowed to cooperate with other smartphone makers after the stake sale is completed.

HTC said Beats is profitable and has a higher gross profit margin than its own, and is likely to achieve \$350 million in revenue this year. The deal is funded by HTC's cash, which will likely be around NT\$70 billion (\$2.42 billion) in the third quarter.

SHOW TIME

LG Offers Clearleap's TV Everywhere Service

Apple TV is at one end of the spectrum with a very limited and fixed number of OTT services. Smart TV and Blu-ray player maker LG, which recently launched an Apple TV competitor called LG Upgrader, wants to be at the other end.

LG says its open standards-based LG Smart TV platform is like a TV Everywhere service. Pay-TV companies will be able to use it to access broadband, which can deliver programs directly from its new cloud-based publishing platform.

LG worked with **Clearleap** to create a solution that it says will give pay TV service providers a quick, efficient and inexpensive way to deliver content and new services to their subscribers. It's called Clearleap's Stream On Demand IP content management and delivery technology. Operators can create a TV Everywhere service and manage, process and publish video.

Clearleap CEO Braxton Jarratt, said, "Cable TV operators — big and small — now have at their fingertips the ability to deliver a more robust and fully-managed service to subscribers using broadband networks."

Clearleap's streaming solutions are on a number of smart TVs and it has published a set of APIs for pay TV companies.

HBO's MAX Go App Offers 700+ Hours of Content

HBO has launched its HBO GO-like MAX Go service for mobile devices as part of a TV Everywhere partnership with its pay-TV operator partners. The MAX Go service has about 700 hours of shows. They will be available on **Apple** iOS devices and some Android smartphones.

The content includes the Cinemax original primetime series "Strike Back." The app is free but only to Cinemax subscribers to participating pay-TV services can access the service. They have to sign in with their pay-TV credentials — that authentication thing.

HBO co-president Eric Kessler said subscribers can watch the full suite of Cinemax' offerings "anywhere they go."

AT&T U-Verse, **Charter**, **Cox**, **DirecTV**, **Dish**, **Suddenlink** and **Verizon FiOS** are participating. **Comcast**, **Time Warner Cable** and **Cablevision** are not participating, at least not yet.

US' PBS to Debut as a Channel in UK

It's all about going international these days, isn't it? And it's also perhaps about going direct.

The US' **Public Broadcasting Service** (PBS), the closest thing to the **BBC** that the US has, will make its debut as a channel in the UK on November 1. Initially it'll be carried by the satco **BSkyB** and perhaps later by the cableco **Virgin Media**.

Over the years many PBS shows have aired on various UK channels.

Calling PBS one of America's most trusted brands, Richard Kingsbury, general manager PBS UK, said although many PBS shows have appeared in the UK on other channels, "the vast majority of PBS' back catalog is still to premiere in the UK so there is a tremendous wealth of epic true stories available to craft a highly valued UK channel.

No plans have been announced for an iPlayer-like service for the Internet, but that's sure to happen.

The BBC, many of whose shows PBS airs in the States, recently

announced that it will make a subscription version of the iPlayer available outside the UK.

Hulu Buyers Beware!

- **Disney Follows Fox with Authentication Model**
- **No Free Content for Non-Subscribers**

The uncertainty by potential acquirers about buying **Hulu** is caused by the terms of Hulu's licenses with its content suppliers. **Fox** last week said it's changing when, how and to whom its content can be shown on Hulu.

This week **Disney** will change its policy and make its content available only to those who have a pay TV subscription to its content. It's the TV Everywhere authentication model: "Subscribe to our channels on pay TV and you get to watch them on Hulu."

The authentication model for new shows and premium films has a better feel to it, according to CEO Bob Iger in a conference call about the company's quarterly financial performance.

Disney owns some content plums: **ABC's** "family channels" and the **ESPN** networks, far and away the most popular sports channels.

Disney's changed model could also impact **Netflix**, which offers current-season ABC shows 15 days after they first air on ABC. Netflix may soon get only library content — prior year's episodes. Iger said, "Our overall approach of late has been to make deals that increase incremental revenue while at the same time protect and respect the multi-channel cable or channel distribution value that we see today."

Iger said, "We will make access to newer programming more difficult, except if a customer is authenticated as a cable or satellite TV subscriber. I think you'll see over the next few years a lot of deals done that enable this. We now have to hope that not only is the technology improved that enables authentication but that the whole user experience gets better."

The model is "pay me now and pay me later."

The Changing Online Window

Day 1	Live on the TV network, free over-the-air if broadcast by a local TV station or as part of a pay TV subscription.
Day 2 and after	Online but only to authenticated pay TV subscribers who actually pay for that channel as with HBO and Cinemax.
After the end of the season	Available on Netflix and the like as a complete season — the library classification.
There have been a few instances when a TV network such as HBO and Cinemax has made episodes available online prior to their airing.	

"There is clearly a thirst for filmed entertainment, particularly brand-ed high-quality entertainment, and what we're seeing, I think stimulated in part by not only higher connectivity speeds but significant development in tablet computers, we're looking at platforms that are creating all types of new business opportunities," Iger said.

Disney and the other studios are looking for revenue to add to flattened revenue from theaters and DVDs. Disney studio's revenue dipped a tiny bit to \$1.62 billion in the quarter from \$1.63 billion in the year ago quarter.

SHOW TIME

FilmOn's HD Video App Tops iPhone/iPad Rankings

FilmOn.com's over-the-top HD video apps have reached the top spot at the iPhone and iPad Store rankings. The OTT TV service delivers HD TV on a subscription and free basis to IP-enabled devices including smart TVs, mobiles, tablets, computers and set-top boxes.

FilmOn says it has agreements with over 120 content providers such as **Paramount, Associated Press, Bloomberg** plus channels for sports, news and entertainment. Most of the channels available are free.

FilmOn founder and CEO Alki David said, "The encoding quality and distribution of our streams is really second to none."

Netflix Adds 'Just for Kids' Tabs

- You Can See where This Might Go

Netflix has added a "Just for Kids" tab that lists about 1,000 kid-friendly TV shows and movies based on ratings by **Common Sense Media**, a nonprofit organization that focuses on children's issues. It's streaming only — none of the titles are available on DVDs.

The shows in the Just for Kids section are the ones parents and their kids know well. They include "SpongeBob SquarePants," "Dora The Explorer" and "Miley Cyrus." (I still haven't figured out how SpongeBob lights a fire under the ocean.)

Netflix is becoming the family OTT service. It said about half its 25 million or so subscribers have watched at least two movies or TV shows that were made for kids within the past 90 days.

The initial anger that occurred when Netflix raised its prices for combined streaming/DVD rental service seems to have abated as subscribers considered the alternatives. There are none, at least none that offer as many streaming shows and also none that offers as many DVDs. And now it has the children angle, which will attract families with kids.

The move leads some to believe that Netflix may start charging each family for more than one \$8 subscription — say a few dollars more to get the children's channel or a few dollars more for premium TV shows and movies or maybe even a tab for Netflix original programming. You can see where this might go — the same place that pay TV went.

The "Just for Kids" tab is initially available only on Netflix' Web site but will be added to other access devices such as smart TVs, gaming consoles and tablets.

Yahoo to Offer Free Bollywood Movies in India

Selling content in emerging markets like India is difficult, so **Yahoo** and some Bollywood studios are going to give movies away.

Yahoo has launched an ad-supported online streaming service called Movieplex in collaboration with the studios, whose biggest concern is piracy.

"Over 30 million Internet users consume 1.7 billion videos every month across India," said Arun Tadanki, managing director of Yahoo India. "With the increasing demand for online video, both consumers and content providers are looking for a trusted destination where quality content can be consumed in a piracy-free environment at their leisure.

He said Movieplex will offer Indian movie lovers "the best full-length movies" at any time such as "Rock On," "Rann" and "Aakrosh."

L K Gupta, CMO of **LG Electronics**, one of the major advertisers on Movieplex, said, "We aim to deliver the LG Cinema 3D smart TV proposition to millions of deeply engaged Yahoo consumers."

FetchTV Brings HD YouTube to TV Sets

Australia's **FetchTV** has a **YouTube** TV app that lets viewers use their TV remote to navigate them to watch YouTube clips that are optimized for HD TVs.

FetchTV CEO Scott Lorson said FetchTV is the first IPTV platform in Australia to offer YouTube in HD. "We're bringing a whole new YouTube experience to the TV. The only thing better than YouTube on your PC is the YouTube experience enjoyed on your big screen," he said.

YouTube's global director of platforms partnerships Francisco Varela said FetchTV customers will benefit from easy access to thousands of popular channels, new content and personalized playlists on YouTube.

Facebook, Twitter, Wiki, Weather and a children's learning tool called **Mathletics** are already available on FetchTV.

Roku Adds App for Epix Pay TV Movie Service

STB maker **Roku** is adding an app for **Epix**, the online and on-TV service that **Viacom's Paramount, Lionsgate** and **MGM** own. Epix' strategy is to get pay TV companies to add Epix as a channel and then let their subscribers also access Epix on the Net — the authentication model. **Charter, Cox, Dish, Mediacom, Suddenlink** and **Verizon** offer Epix online and as a pay TV channel.

The benefit of having Epix on a Roku box is that Epix subscribers can watch every Epix show on their TV — no PC needed.

"There are many stories in the media about OTT and cord-cutting, with Roku frequently mentioned as being at the forefront of this movement," Roku said. "At the same time, most Roku users have a video subscription service from a cable, satellite or a telco provider and for them, Roku is a complimentary solution for video and music entertainment. With that in mind, video providers are introducing 'authenticated' channels."

The sign-up process is the same as for a TV Everywhere service.

Roku said it expects to offer other similar online video services in the future.

Fox Pushes Viewers to Ask for Its TV Everywhere Service

Fox TV is using its TV shows to tell viewers to ask their pay TV company to offer Fox' TV Everywhere service for new shows. There's no doubt that Fox is charging pay TV companies to carry the service, because only **Dish** offers the plan. The new shows will also be available on the subscription service **Hulu Plus**, of which Fox is a part owner.

Fox users have to enter their pay TV credentials to authenticate themselves to watch online.

Fox keeps new shows behind the pay-wall for up to eight days after they first air.

Fox goes so far as to provide viewers a form letter that says to their pay TV service, "I want to continue watching full episodes on FOX.com, but you are not one of the participating providers. As a customer of [your TV service provider] I want you to know that I expect to have access to these episodes included in my subscription."

SMART TVS AND OTHER OTT DEVICES

Roku Gets \$8m in Investments

Investors have anted up \$8 million to **Roku**, which makes smart TV adapters. Roku is upgrading its boxes, making them smaller and has added the Angry Birds games to its top box. All the boxes have 802.11n, Bluetooth 3.0, microSD slots and an HDMI output. More games are coming, Roku said. Included OTT services are **Netflix**, **Amazon**, **Hulu Plus**, **Sony's Crackle**, **YouTube**, **MLB** and news plus soon it'll have **DirectTV's** Sunday Ticket **NFL**, **AOL HD** and **WealthTV**. **Best Buy** sells the Roku boxes, which compete against **Apple TV**, **Boxee**, **LG Upgrader** and **Logitech's** Google TV adapter.

Sprint Says No to WiMAX Version of RIM's PlayBook Tablet

Oops! **Sprint** has said it'll pass on distributing the WiMAX version of **RIM's** PlayBook tablet. RIM has said it'll focus its cellular efforts on the rival wireless technology LTE, which **AT&T** and **Verizon Wireless** are deploying. It's a blow to RIM, although not a major one. At CES

RIM had high hopes for the PlayBook. It said testing of the BlackBerry 4G PlayBook is already underway. However, no major US cellco has agreed publicly to sell the PlayBook. RIM said in its last quarterly report that it had shipped only 500,000 Playbooks during the quarter.

Time Warner Cable Pays \$3b for Cableco Insight

Time Warner Cable (TWC) believes in the future of the cable TV business to the point that it's spending \$3 billion in cash to buy the cableco **Insight Communications**. Insight has 547,000 broadband subscribers, 697,000 pay TV subscribers and 297,000 telephony subscribers.

TWC CFO Irene Esteves said the deal will "enhance TWC shareholder value" and give it more leverage in negotiating terms with content and equipment suppliers. She said the acquisition will help it save \$100 million in annual costs and capital expenditures through savings in programming costs and other cost reductions.

Insight has deployed DOCSIS 3.0 broadband.

TWC has about 14 million subscribers and is second in size only to **Comcast**, which recently acquired control of **NBC Universal**.



The "Apps Statbook 2011" Report Is Now Available

The "Apps Statbook 2011" report is now available for \$295 for one reader.

It is a comprehensive survey of the booming global "apps" industry that's currently worth \$7.3 billion, is set to double by the end of next year and then reach a colossal \$36.7 billion by 2015.

It's a phenomenon that has gone hand-in-hand with the ever-increasing shipments of smartphones, tablets and Internet-enabled TVs.

It has already started to change the face of the Media, Gaming, Software and Consumer Electronics industries.

To purchase: <http://onlinereporter.com/research-reports>

To get a free extract: e-mail sarah@onlinereporter.com

The report is 71 pages and chock full of lists and stats.



Online Reporter Now Available on Bloomberg

The Online Reporter has always been popular with the Wall Street types because of the growth of this industry and our reports on its events and trends.

Complete editions and selected articles from *The Online Reporter* are now available to those in the financial community who have a **Bloomberg** terminal.

A complete edition is \$100. Individual articles are \$25.

Special reports like the ones we did on Smart TVs and the Chrome OS can also be purchased for their suggested retail price.

Kiosk Operator Redbox Testing Price Increases

Netflix isn't the only one to show that it's feeling the increasing costs of acquiring content. The **Coinstar**-owned kiosk-operator **Redbox** is testing a price increase from \$1.00 to \$1.15 and \$1.20 in Austin, Texas. It may be only a test. It has not yet raised the rates for Blu-ray discs and video games. Redbox recently renewed \$150 million deal with **Lionsgate** and has renewals coming up with **Sony Pictures Home Entertainment** and **Paramount Home Entertainment**. Netflix' price increase goes into effect September 1.

Hitachi Loads 50-Inch 3D TV Set with Features

Hitachi may not make TVs in its factories any longer but its last one will be a hoot. A new 3DTV model, the 50-inch P50-GP08, supports the use of either a Wi-Fi connected iPad or an iPhone as a remote called the Woo Remote. Users can preview a channel in real time on the Apple device before switching it to the TV, which also has a 500GB removable hard disk drive and five tuners for recording shows. A motion sensor turns the TV off when everyone leaves the room. It did not say whether the set will be available in North America or Europe, only in Japan, where it'll go for about \$2,900.

Russian Online Streaming Service Picks Level 3

RuTube, the Russian online video sharing and transmitting service, has selected **Level 3 Communications** as its content delivery network (CDN) throughout Europe. Level 3 said since RuTube began using it in April 2011, there has been a 15% increase in full video views on the site. RuTube's Level 3 CDN supports 20 Gbps simultaneously and, RuTube said, provides a noticeable increase in the quality of video playbacks to viewers.

Kabel Deutschland Picks Cisco to Upgrade to 1 Gbps

Kabel Deutschland, Germany's largest cableco, has picked **Cisco** to supply gear that'll upgrade its network, which has 8.8 million subscribers. The IP-based Next-

Generation Network upgrade will allow more HD channels as well as 3D channels, improved VoD, and, most important to the OTT generation, faster broadband. The upgrade will take subscribers from their current potential of 100 Mbps with DOCSIS 3.0 to up to 1 Gbps.

Amazon Adds Student Shopping/Swapping Section

Amazon added glue to its service this week by launching an app that lets students check their personal stuff's trade-in value and sell those things they no longer need to other students, including textbooks, video games, DVDs or electronics. Instead of receiving cash for trade-ins, students receive Amazon.com gift cards to buy more stuff from Amazon. George Carlin would have loved all this stuff swapping.

Debt Surges in Brazil, Holds Back Consumer Spending

When **Netflix** arrives in Brazil, it won't find consumers have quite as much to spend on its service as they would have a year ago. *BusinessWeek* reports that Brazilian consumers' payments on loans ate up 26% of their disposable income, up from 24% a year ago. It said one lady was paying a 456% rate on her \$1,926 **HSBC** credit card balance.

Ooyala to Stream ESPN.com HD Video to All Devices

The online video service **Ooyala** has landed a deal to distribute for **ESPN.com**, the world's biggest sports site. Ooyala has similar deals with **Dell**, **REI**, **Sephora**, **Bloomberg**, **Endemol**, **Fremantle Media** and **Telegraph Media**. Ooyala president and CEO Jay Fulcher said, "The Ooyala technology will enable ESPN to play HD content to a range of platforms including mobile devices, media tablets, browsers, set-top boxes and connected TVs."

Hardware Is Hard to Do

Google sounds absolutely giddy about getting into the hardware business with **Motorola Mobility**. Software developers typically get like that when they find they're put in charge of the hardware. Then they find out that the reason it's called hardware is because it's hard. Changes, updates, upgrades and new versions take longer — up to a

year or more, cost more to implement and can have serious ramifications like incompatibility. You can't just make a few tweaks and, poof, it's done. The more functions that are moved into software, the easier and cheaper it is to upgrade but the slower the hardware runs, irritating the customer. It isn't all wine and roses, as Google will learn.

Chinese Video Streamer Tudou Raises \$174m

China-based video streaming specialist **Tudou** raised \$174 million on its IPO in New York this week, according to *Faultline*, valuing the Chinese streaming video Web site at \$3.2 billion. Rival **Youku** raised \$203 million in December and another \$670 million this year.

Netflix May Take Spanish Content and Launch in Spain

Having amassed all that Spanish content for Latin America, **Netflix** may launch in Spain in January 2012, according to *Faultline*. This came out in an interview with the president of a local content association in Spain and reported by **Reuters** and *Variety*. It is unconfirmed and given that he is quoted suggesting that Netflix has already launched in the UK, potentially uninformed, although he may mean that the UK will also launch in January.

\$220 7-Inch Android Tablet Launched in India

The celloco **Bharti Enterprises**' **Beetel Teletech** launched a \$220 7-inch Android tablet in India this week. Called the Beetel Magiq, it has both 3G and Wi-Fi. The company said China's **Huawei** made the tablet. **Apple**'s iPad and **Samsung**'s Galaxy Tab are already available in India.

Only 4 Platforms Matter Now: Amazon, Apple, Facebook, Google

The futurist and financial analyst Pip Coburn, who looks at the world differently than most of us, says to forget operating systems and such because there are now only four platforms that will matter going forward: **Apple**, **Google**, **Facebook** and **Amazon**. Interestingly, all four platforms are being added to TV sets, smartphones, tablets and every other CE device that connects to the Net and all four are used to sell content. Notably missing are **Twitter** and **Microsoft**'s Windows.

The Online REPORTER is published weekly by: Rider Research;
13188 Perkins Road, Baton Rouge, LA 70810 USA; 225-769-7130; FAX 225-769-7166 www.riderresearch.com
Send questions and comments about articles to: Charles Hall (Charles@riderresearch.com), Baton Rouge, LA 225-769-7130
North America Subscriptions: (sales@riderresearch.com) 225-769-7130;

Europe, Asia, Pacific, Middle East and Africa subscriptions: Simon Thompson (simon@riderresearch.com), Buckingham, UK +44 (0) 1 280 820 560
Editor: Geoff Whiting, (reporter@onlinereporter.com)
Production: Michael Kearns, (quark@riderresearch.com)

Subscription price: \$595 / €645 e-mail single reader. Available at quantity discounts to groups, departments and companies.

©Copyright 2011, Rider Research Inc. It is illegal to reproduce, copy, photocopy, forward, e-mail, publish, broadcast, post on an Internet/Intranet site, rewrite, store in a retrieval system or otherwise distribute this publication or any article in whole or in part by any means, mechanical, photocopying, recording or otherwise without the prior written permission of Rider Research