

## In the Slipstream of Technology

### The Way Forward in Two Thousand and Three

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As the out of favor French like to remind anyone who will listen, the more things are different the more they are the same. When it comes to new TV technology it does seem that the duality between astonishing new TV marvels and the marketing doublespeak it engenders is that way. The year 2003 was no different in this regard as marvelous new hardware and attractive new services came to maturity like VOD, while cable and satellite with their endless self-congratulatory drumbeat kept up a fine cadence. Happily, the inventive creators of new communications and entertainment technologies managed to make some notable

progress during the year. Concurrently, all the confusing marketing circumlocution about the new media revolution caused much interlocution to drone on and on. We all heard more about new media, convergence, interoperability and new standards than many of us can comfortably bear. How we wish we had passed that freshman high school English class so we might understand some of the new 'Chinese' being spoken! Nonetheless, we will attempt in this little piece to separate

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some of this arcane 'farina' from its convoluted shaft — in fun of course and with tongue-in-cheek as needed.

What was real and what was hype in all that changing gobbledygook last year? Voice over IP, who can live without it, yet who really wants to live with it? VOD delivered over cable or via the Internet, is it a sure winner with the public, or is there still doubt? Broadband uber alas for all, that's for sure, but is 1.5 Mbps really true broadband? Some experts say not. HDTV a must-play with sports fans, or so they say, but will it get the amount of play they say? Interactive TV, much maligned but still real fine, passé, or is now its time? The

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CMS NewsLine

*"Validating the Middle Ground"*



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fall of TV advertising becoming a drumbeat, is it true or not, and why not? Cable criticized by some as a virtual monopoly — how can anyone say such a cheeky thing while its inability to deal with competition is the cable MSO's real problem! Murdoch as the incarnation of the dark side, or for that matter his son the CEO of BskyB, is that fair or cable square? DVD recorders as a transformational technology, many remain in denial but at \$300 how soon will it capture a massive audience? How about those fabulous new set top boxes from Scientific Atlanta and Motorola, surely they represent the better way to surf and turf? And the DVR, a technology much heralded by the likes of Michael Powell and the thinking crowd — and maligned by Brian Roberts and his brain trust — how can it be anyone's enemy?

Then there is that dark star, Microsoft and its Media Player 9 — how can the folks who bring the masses daily computer crashes not be the answer to what ails TV? All in all, it often seems that only TiVo, the CE folks and few others are truly on the public's side.

**T**hat said, perhaps a little review of the newer technology offerings of the recent past may allow us to discern what really changed in 2003, and what remained French and always much the same. Or allow us to spy trend lines already in-train for the coming year. Of course only a seventh son of a seventh son can lift the fog that veils much of the future, and we are sadly a few mythical sons of sons short. Nonetheless, it is good fun and good sport to plunge into the mist and seek to exorcise the con out of the media

conundrum. Surely, what appears to be an excessive reliance on new technology in our media world is without doubt causing some confusion and even a bit of harm. For example, the upcoming BCS National Football Championship Game has, via a misguided reliance on arcane computer metrickation, left USC the No. 1 college football team in the nation based on AP and ESPN/USA polls of top coaches and sports pundits out of the final contest. Think of that harmless bit of digital stupidity as you consider the fact that similarly minded Pentagon technology folks

once proposed turning control over the nuclear-armed devices of star wars to similarly mindless computers? That sort of blindfolded approach is surely technology run amuck.

In actual fact, sad to say, such computerized war games and high-tech combat simulations have recently been humiliated by the haphazard use of low-tech low-cost RPGs and old-fashioned explosives. So much for any unfounded and often misguided reliance on the technology-always-wins spin so prevalent today. Technology is surely a very important part of the answer in today's world, but so too are many low tech alternatives such as the expert knowledge of trained people and their deep insight into what will and will not work in real life with real people. We hope the artificial intelligence gnomes hidden away in their dark cloisters at MIT and elsewhere are not listening — or they might cut off our broadband service for taking such a heretic view of their windmill spinning ideology. In truth there is still much to favor the old ways as well as much to admire about new technology, and

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overall the answers are very far from clear. So we must all continue to pass our credit cards across the counter to clerks ringing us up for either a great new experience, or else another misguided next great thing. As for our 'indispensable' \$300 PDA purchase of a year or so ago, you ask. In truth it works quite well and it is a very nice device; but do we need it or want it or like it? All we can say is that it is happily plugged into its charger, and there to stay.

### REFLECTIONS ON TECH ODYSSEY 2003

In the slipstream of massive technological change, especially amidst recent economic upheaval and convulsion, it is sometimes quite hard to separate the good from the marginal, the deserving from the lucky, the truly valid from mere transient survivors. What is certain is that in the short-term money does indeed talk and lack of funds 'takes a walk', just like the used car business. In the longer-term, technical merit, economic efficiency and good QoS do pay off, but only for those who manage to survive and are then able to prosper via a fair trade wind or the blessing of the authorities. As an example, unless the opposed factions in the US Congress manage somehow to prevail on the 45-percent media ownership rule, many small broadcasters will have been sold-out by the FCC, the Department of Commerce, the Department of Justice and their keeper; too bad, too sad. Due to these sorts of complexities, the views expressed in this article are primarily intended to stimulate the reader's point of view, instead of suggesting any higher wisdom or superior insight on the part of the authors. As the past thirty years have taught so well, we are

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all riders in the slipstream of change, and fellow travelers in the convulsions of technology. Here 8-Track, here Word Perfect, here Beta, here CPM, on DEC, on Vixen, on Donner and light-pen...

### ON-DEMAND — VOD, SVOD and EOD

Those who are optimistically heralding in an era of on-demand everything from a head-end somewhere in the sky — AT&T pun intended — good luck and watch that capital investment. O-D sure does sound like a terrific idea with plenty of solid emotional and common sense logic in its praise. Yet every good library is a kind of literary EOD while few books are ever checked out, or even perused. Furthermore the O-D library and its delivery systems require a great deal of technology and massive investment if it is to serve the masses, begging the question as to who will sustain all of that technology and repay the investment? Old school IBM

has already spent one half century hyping the merits of the big centralized computer in the sky that contains everything for and about everyone. Of course that computer was evermore to remain in the covert control of 'big brother' IBM and its elder statesman client, the fair CIA! A little Patriot Act shrimp cocktail anyone in the name of liberty?

Not to worry, during the Catholic Inquisition the power elite of that day firmly believed that if you were innocent you had little to fear by answering any question — as you could always prove your innocence by simply putting your hands into a burning flame. So too with personalized

VOD libraries and head-end DVR — Watergate and other such trespasses aside. The cynics among us might counsel the wise to be cautious whenever any such ‘big brother’ on-demand system proclaims benign control while remaining in a position to lead the innocent to an uncertain fate. Is VOD and its siblings SVOD and EOD really a good thing? We think so, but not for family albums, personal videos, personal records, private political or religious documents, personal databases, tax records and the like. But it is certainly a very good idea as a source of easily accessible entertainment, news and sports. All hail VOD, SVOD and EOD when the economics make sense, enough spectrum is available and politics are kept out. Only time will tell if these forms will draw a much larger crowd than PPV — five VOD purchases per month per household as a realistic goal? Really!?

#### **MICROSOFT MEDIA 9**

**D**oes your old HP printer no longer work with Windows?

Too bad! Do screens, programs and files open and close on your Windows XP enabled PC without a command from you as when you hesitate a moment too long and fail to move the cursor? Too bad again! And, are viruses, worms and parasites as well as endless popups and other hideous cyber creatures invading your private space and peace of mind? Don't be negative and stop complaining! After all, if the Department of Justice of the United States of America, the most powerful country in human history, could not curtail or contain Microsoft, neither will you so hold your peace. Many may feel that this is an unfair

characterization of a kindly, warm and fuzzy house of charity. While others, perhaps at Real Networks, Apple, HP, Netscape, IBM, SUN and elsewhere, may suggest that we have understated the case against Microsoft Windows XP and Media 9, as well as the company they represent.

The lesson here is that monopoly and its more diluted brethren are seldom benign but more generally quietly self-serving and ruthless. Prior to the present rise of DBS satellite services such as Echostar and DirecTV one could sense the same trend line in the QoS of the cable MSOs; if anyone didn't like their service, they could just go and eat over-the-air ‘broadcast cake’ and be damned. Now chastised by the great success of DBS, these cable folks seem once

again dressed-up in full costume as grandma awaiting the arrival of the hopeful consumer, the one expected to play Little Red Riding Hood and allow itself to be taken — again. Alas, Rupert Murdoch — that unlikely hero — lurks dead ahead with a

fearsome logic that suggests that winning the consumer over is not as much about the quality of the media pipe one owns but about the sensibilities and marketing skills of the one's who marshal the pipe — and other hapless metaphors. Conclusion — Caveat Emptor — let the buyer beware when dealing with the likes of Microsoft, News Corp or even monopolist-in-waiting Comcast.

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#### **FULL CONVERGENCE OF MEDIA**

**T**he year 2003 also saw the emergence of a great deal of valuable wireless technology plus various forms of home and office



networking, technologies that can help to enable full convergence of all electronic media. So should we all embrace the idea of full unbridled convergence of the PC, TV, telephone and the rest as the next big thing? Yes indeed, if you don't mind your toaster serving as your coffee maker, or wouldn't be troubled if your portable FM radio lives inside your electric razor? And why not rid yourself of the cell phone and just get use to talking into the control panel of your stove or the headlights of your car and multiple other access points? Damn the public if it is unwilling to go along with the logical full convergence solutions proffered by the engineering community — for its own sake. Simple-minded humans just don't seem to get it, do they? Surely the technical community will be better off when people are replaced by cyber beings; and good riddance to those humanistic, pluralistic and hedonistic protein eaters. The modern silicon world will be better off by far without any such obstinate and illogical conscious bio-beings. Then the digital survivors may download and upload content to their hearts content, across the expanse of vast mindless networks, without ever asking who wants it or who needs it.

Indeed there are some in the technology business — dare we say it — at such places as Cisco, Microsoft and IBM, who see great merit in the full convergence of the TV, the PC and the Telephone — while many lesser humans still don't seem to get it. So Microsoft and others like to remind us that it is a generational thing — students will indeed soon prefer to watch TV on their game boxes and PCs, even as the bright

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ones perform a Google search for their academic projects while watching TV on their bathroom mirror. As to the Telephone, it is surely destined to morph into a camera, a PDA, a cell phone and a game box all in one, that is if it survives! Writing this on my PC, I am trying to lean back in my chair so that I may mimic proper TV behavior and conform with the convergence paradigm — uber alas. Later, when I watch TV, I fully intend to lean forward at attention so that I may be alert and ready to interact with any IBM or Adobe systems that demand my attention. Forget it homo sapiens, interoperability of course, convergence when it makes sense and is benign to human sensibilities sure, full mechanistic convergence for its own sake simply to increase data efficiency, design symmetry and

network productivity, no not likely. How about we simple bipeds demand that the engineers give humankind an anthropomorphic break, and drop it? Isaac Asimov, where are you when cyberspace needs you? Think about it, if full convergence were such a bargain we might wish to learn to eat with our feet.

## THE PC IN DECLINE

One of the lessons the history of advancement teaches is that more often than not technologies fail to replace one another; instead they commonly become bedfellows to their predecessors. Think of the radio and the TV, or the train and the truck, or the bicycle and the motorcycle. Thus, while there has been much brouhaha about the PC disappearing to be replaced by the set top box, the media server, the home

entertainment unit and the like, if history is much of a teacher this is not likely to be the case. The PC as an information processing device and work tool is likely to survive, thank you John Von Neumann and Norbert Wiener. At the same time it seems clear that the microprocessor and the computing power it represents, when coupled with some storage capacity and other capabilities, is finding greater and greater application in all the many other 'boxes'. COMDEX with all its rose is indeed about gone, so too the likes of the Western Cable Show with all its braggadocio! But as to the PC itself, not likely, as it will continue to evolve into the ubiquitous personal information appliance that links its user to the entire cyber world.

In fact the transformation of the PC may need to go far beyond further product evolution, as real trouble is brewing in Gatesland. The ominous further rise during 2003 of a mass of deadly cyber viruses, parasites, worms and the like has much to warn the thoughtful media manager. Indeed it seems that these evolving forms of silicon and germanium pathology, whether spawned out of the minds of youthful miscreants or foreign agents, are likely to become endemic as a part of this complex system. That is to say such destructive elements are not necessarily limited to complex biological forms, but possibly natural occurrences in many other complex systems — such as the PC. If so, then partition, segregation, firewalls and other means will always be needed to separate and isolate valuable content, databases and systems. Furthermore the very invention of antibodies such as Norton Antivirus and

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the Enigma Spyhunter may be a part of a naturally evolving set of defensive systems. If so, specialized computers such as set top boxes and game boxes — and their keepers — may be better off keeping their targeted systems out of the open-channel PC war games, where the danger lurks and new attacks are more likely to occur. Nonetheless, the PC will survive, as it must.

#### **ONWARD WITH WIFI**

Standards are only disagreeable obstacles when they limit desired or necessary change and block progress. Not when they enable the massive commercialization of systems that really work well and make life easier and better. IEEE 802.11b or WiFi how good is that? Very good indeed, as it has the speed and range to eliminate a lot of wiring in the

home, the office and the retail mall while enabling the local networking of computers, broadband access, printers, the TV and the like. When Intel, that great bastion of micro-miniaturization decided to come out with its Centrino chip set in 2003, it truly empowered WiFi or 802.11b as mainstream USA. WiFi as such became the basis of non-telephony data transmitting wireless networking systems coming of age in 2003. What about 11a and 11g and the rest of the 11x family you ask? Why not, if they can fly even higher and faster, let's all go for it? Based on WiFi, 2003 was indeed a watershed year for networking, computing and consumer mobility. Of course, as with so much else in the broadband communications business, the real challenge is in the effective transmission of video content files with their massive data volume corresponding to some

one million or so pixels per image; as a galaxy of data that has to be refreshed thirty to sixty times a second or so.

Of course it all sounds innocent enough, but is it really? The level of complexity created by wireless data transmission may turn out to be astounding and difficult to manage in the end, and the problems of data management, data security and data integrity very considerable as well. Nonetheless, who doesn't love WiFi who has tried it, after all what is there not to love? The lesson — when a media capability really works, benefits the public and is priced right — it catches on fast. Or said more simply, consumers buy convenience, and they always will!

#### DVD RECORDERS RISING

As already noted, it is often the consumer electronics (CE) companies such as Sony, Toshiba and Pioneer that do the best job of keeping their ear close to the ground as they work hard to please their customers, the consumer. These are the folks who recently revolutionized watching movies in the home with the DVD player — and thereby saved Blockbuster and Hollywood Video from a moribund fate. A standard DVD player is indeed a very nice device with its variety of menu and interactive features including the standard 'trick-play' capabilities of Pause, Fast-forward, Rewind, SloMo and the like. A DVD recorder on the other hand, whether a stand-alone model or a module inside a PC, is quite another kettle of fish as it enables the consumer to create portable media with its DVD player and take it to other CD and

DVD players in the car, the motor home or the motel room. As prices during 2003 declined from some \$700 to as little now as \$299 for stand-alone units, it is a good bet that a lot of consumers will want to jump in. With a data transmission rate in the 10 Mbps range, on standard TV, and especially through progressive-scan on HDTV — the picture quality can be astounding — to the extent that the DVD player and DVD player/recorder units are surely principal drivers behind the HDTV revolution.

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*“Consumers by their very nature prefer to own their favorite things than to borrow them from a distant big brother or far-off network...”*

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But as with all such marvelous new technologies, there is much more to it than meets the eye. Consumers by their very nature prefer to own their favorite things than to borrow them from a distant big brother or far-off

network out of some massive digital storage banks. Thus the DVD recorder truly makes it possible to create a video library of personal family celebrations, business events, favorite TV shows and even, when allowed, commercial videos. It also makes this property portable and touchable — all great attributes to the mind of the protein eater. Of course the threatened combination of digital convergence and networking when fully married to a DVD recorder may challenge the intellectual property rights of some and make the ensuing DRM issues harder to manage. All in all, the DVD recorder is, as Billy Crystal would say, “simply marvelous!”

#### HDTV WONDROUS TO SEE

As to the varieties of visual experience in life seen in detail, contrast and color, what are the present day alternatives? Normally we experience real

images of the real world all around us in real time; and also conjure up vivid imaginary scenes as when dreaming. In the virtual world it is now possible to experience various images out of video cameras, PCs, TVs or even cell phones. Until recently these 'artificial' images were limited to say 50K to 500K pixels/image in quality depending on the device. As the pixel per image equivalent to real world detail is more like 10,000K pixels per image, the virtual experiences seldom gave anyone more than a hint of the feeling of 'being there'. [An 8x10 photograph requires 7.2 Megapixels for realistic color reproduction. —Ed.] For example, an advanced 1024x768 resolution PC monitor still only renders an 800K pixel image. Only the movie theater offered the visual imagery and sound quality to give the resulting experience a degree of 'real world' feeling.

HDTV is now coming much closer to doing just that; hence it is most attractive for viewing sports and movies on TV. With the high-grade HDTV set prices migrating down from \$10-30,000 to several thousands of dollars, HDTV is the very best near affordable thing in the Lean-Back TV experience. Generally HDTV is based on plasma technology, an approach which is naturally wonderful yet naturally expensive. But hold on a while as OLED HDTV is also nearly here on a commercial basis. The OLED method provides even better more detailed pictures and is destined to be far less pricey due to the low cost of the organic fiber lattice technology it employs. With OLED HDTV 10,000K pixels per-screen is here in prototypes today, providing an image that at times appears

indistinguishable from reality itself. Try the Super Bowl with that baby, and learn to avoid paying \$300 to get into the stadium. All in all, HDTV too was a sure winner in 2003.

#### THE BEST BY FAR IS DVR

Let's face it, portable media as in a DVD recording is really great, but not needed all of the time. In reality, day-to-day experience is itself quite volatile, somewhat ethereal, and ephemeral, now you see it and now you don't — so who wants or needs a permanent copy. Therefore, for the general purpose of experiencing news, sports, weather and entertainment all that is needed is the ability to record TV or Internet traffic, store the content for a short while, and then play it back as a live or previously recorded program, say in trick-play mode! Hey, that's a DVR and if it also has a little personalization capability a DVR that is a PVR, a personalized video recorder. Give it two TV tuners, 80 or so gigabytes of memory and a friendly GUI and you truly have something of real value. Furthermore, in contrast with the DVD recorder, you have a readily secured DRM device as well. Is it a paradigm-changing device for viewing TV, you bet it is — and let the advertisers accept it as such and change with the times.

As to TV advertising, it is nonsense to suggest that it will go away or even diminish. Advertisers need TV as the eyeball catching champion of all time — four to five hours per day per-person. TV viewers would value TV advertising greatly if only it were served-up as an elective form and not as a

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forced distraction. As no more than 10 to 15-percent of TV advertising is being watched with any interest today in the absence of a DVR, with its ability to fast-forward through the ads, worrying about TV advertising being threatened by the DVR — a la Brian Roberts of Comcast — is a moot and foolish point. The truth is that TV advertising needs to get more advanced and therefore costly to a degree so that it may serve the needs of viewers and advertisers alike. The truth is that the networks, MSOs, ad agencies and media buyers, all fat and lazy cats that they are, are indeed slow to grasp the new reality and act with vigor and intelligence to fix their advertising system. Shame on them! The truth is that the new advertising forms will be far better targetted and that the advertisers will be delighted to know exactly who is watching their ads and which ones work and which ones are off the mark!

### ITV — LEAN ON IT

Complexity is generally to be feared or at least avoided unless it is necessary, and the additional complexity brings great value in-train. For example, compare what you get with a Gulfstream Jet versus a Piper Cub airplane; no reasonable comparison can be made. Of course there are some who prefer the Piper Cub, and they have good reason, but for the rest of us, one is a leisure time toy and the other a dynamic high-speed form of all weather high flying transportation. So too with Interactive TV, it has many problems and many limitations today and we do not understand it very well, but it has a lot more going for it than old fashioned unidirectional linear TV. As usual the

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avarice of The Street placed far too much speculative value on ITV before its time, as with genetic engineering companies and other new technologies. So these companies soared high and then crashed and burned, as they should under the weight of exaggerated claims and even higher expectations — but the technology did not die. Far from it, modern TV advertising will depend on it, TV commerce will greatly benefit from ITV, interactive shopping and learning experiences will be enabled, virtual travel with the viewer controlling the camera angle and the images will be a boon. ITV dead or dying, you must be kidding. Remember the laser? Fifteen years after its invention, almost no useful commercial applications were in sight — and look at the laser today! We simply cannot live without it.

### OTHER PLAYERS

Set-top boxes got better and better in 2003 and now feature lots of modems, DVR systems, DVD players and HDTV capability. The only thing that is still required is to change the revenue model to allow the cable and satellite subscriber to buy the Set-top box he or she prefers — as a CE product. It is, after all, the most reasonable way to fund the new functionality the consumers will demand without placing the balance sheets of the MSOs once again in mortal distress. With Sony’s Passage technology now available that allows two DRM systems to coexist on one head-end system, a better future is there for those cable operators wise enough to seize it. As to over cable VoIP, wired voice is now but a minor thing according to such august seers as Bill

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Chambers, CEO of Cisco, so forget about it, who cares, it just doesn't really matter. As to real telephony, it is all about the cell phone as a PCS — personal communication system — isn't it? End of subject, and do enjoy the Holidays.

(Leo Willner and Greg Kalsow contributed to this issue. In order to discuss any of these points with the authors, please e-mail them at: leo@ad-assoc.com, greg@ad-assoc.com)

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—Georgia Pech, Editor

## **KALSOW'S BACK-CHANNEL: *"Validating the Middle Ground"***

■ The MSM or Multi Stream Machine™ is almost here for the consumer thanks to the efforts of Sony, Panasonic, Toshiba, Pioneer and the rest of the Consumer Electronics crowd. We applaud their efforts over the past year, and encourage you to reacquaint yourself with the concept of MSM by getting a copy of CMS NewsLine from December 2002: ***A Most Satisfying Experience — When DVD and PVR are Combined***. While the content and the cable and satellite services providers continue with their partition, isolate, divide and conquer marketing approach, the CE boys seem to be on a course to integrate the many new media into a connected family of entertainment opportunities and enjoyable experiences for the public — their consumer. Allowing broadband, PC, personal and MSO content as well as purchased or created portable media to migrate into the DVR and the DVD home systems is a great way to go. Go for it.

■ Another topic drawing much attention of late has been Digital Rights Management (DRM). CMS NewsLine weighed-in on this subject over a year ago, and we invite you to download and read a copy of CMS NewsLine from November 2002: ***From Copyright to Digital Rights — The War Over Fair Use***. To download a copy visit our web site at: [www.ad-assoc.com](http://www.ad-assoc.com) and browse the Back Issues page. Now, the Sony Passage solution to the Digital Rights Management problem seems to be gaining traction, and for good reason. With Passage in use a cable MSO head-end can simultaneously service more than one DRM system at the same time. This means that different client-end set-top boxes including devices from Scientific-Atlanta, Motorola, Pace, Pioneer and the rest can coexist and be serviced from one cable head-end operation that services an entire cable MSO system. The impact over time could be dramatic as the MSOs learn to depart with their frozen, we can't change anything frame of mind, to supporting better new technologies that improve the level of satisfaction of their subscribers and also enable new revenue sources for their houses.

■ INCA or In-Context Advertising is coming to television, you can bet on it – based on the feedback we received on the November 2003 issue of CMS NewsLine: ***Inca Sunrise*** – *New Age TV Advertising*. Over the moaning and groaning of media buyers, advertising agencies, creative houses, networks, service providers and the rest of the intransigent crowd, the advertisers will have their way and will keep their public – bet on it. After all, advertisers want to capture willing eyeballs with their TV message while consumers will accept TV advertising willingly if they get a say in what and when and how it is viewed. The answer lies in TV ads that appeal far more to the consumer and work effectively for the advertisers – INCA TV ads that is. As to the variety of sycophants, fellow travelers and ‘the sky is falling crowd’ of malcontents who have lived on the advertiser’s ‘tit’ too long while contributing too little, stop complaining and get to work. No need to worry about Pepsi, Coke, Ford, Pfizer and Gillette, these folks understand the consumer real well, thus they will adapt to changing times. That is, move on to an even more prosperous future based on In-Context Advertising that viewers choose to watch. If you are listening Brian Roberts, wake up and move on!

[Your mileage may vary. –RGK]

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