

The Lowdown on the Download

Cable operators have to keep up in an age of downloadable programming

By Bryan Rader ■ *MediaWorks*

Is consumer behavior starting to change? Are we likely to see the viewing habits of our customers begin to shift over the next few years, as the subscriber begins to take more control of the programming he wants to watch?

The issue is certainly generating a lot of buzz and press releases among every industry participant in recent weeks, including much interest at the Consumer Electronics Show at the beginning of the year. This trend is bringing many new companies into our space too.

The Download Buzz

Consider the following. Google is now making episodes of CSI: Las Vegas available through CBS for \$1.99 per episode. Google also is offering such content as the Late Show with David Letterman, King of Queens and NBA basketball games.

NBC Universal has a download deal with DirecTV, and ABC announced a similar offering, for Desperate Housewives episodes on Apple's iPod.

Even on-line retailer Amazon.com, which sells books, CDs, DVDs, and other items, is getting into the programming business. Amazon will begin airing a new 30 minute show on June 1 called Amazon Fishbowl with Bill Maher. Other web portals are experimenting with entertainment too, including Yahoo, which will stream free episodes of CBS sitcoms, and Google, which will sell downloads of classic TV shows. You can even order "Welcome Back Kotter" episodes on AOL's In2TV.

Download, download, download... is this going to change the way our

customers want to watch television in the future? It just might, now that the electronics available for use as a TV and a computer are starting to blend.

TCL and Intel Viiv

TCL Corp., the world's largest manufacturer of television sets, is now developing a personal computer along with Intel that looks, acts and operates quite like a flat-panel TV. Under the brand name "Viiv," Intel is working with numerous TV makers to develop home media centers, once again blurring the lines between the living room and the home office/study.

Now our cable/broadband customers are about to have an opportunity to buy a computer that is as much for entertainment as it is for Internet surfing. And at the same time, they will be able to download episodes of their favorite shows on a per-download fee basis.

So where does this leave private cable operators? We're not the content guys, and we're not the Web portals, and we aren't the hardware folks. Where we do we fit in?

Oh yes, we own the toll road, and we control the speed that you can travel on the toll road, and we can make the trip on our tollway very convenient, user-friendly and customized for each driver we have, therefore allowing each driver to download anything he wants, whenever he wants.

This is a pretty good position to be in at the moment. We know our customers well, and we know what they might be interested in downloading. And one day it could be possible to customize the download menu to make it easy for our customers to navigate, order and watch the content they want.

Paying close attention to CES trade show promises and public company press-releases and news announcements is a nice way to learn where "everyone wants to go," but not where everyone is today. So we must be careful not to get too carried away with the fear of losing our video business to Google, Yahoo or AOL. But we must also prepare for a "consumer behavior" change in the living rooms of our customers. And this does appear to be a real, yet very early developing trend.

Our subscribers – especially our apartment residents – are very likely to be the "early adopters" who will try downloading episodes of Desperate Housewives, CSI, or NBA basketball games. Some of them may even be the first on the block one day to own a "TV-like computer."

We should be preparing now for this possibility. My company has recently been expanding its connectivity and bandwidth to each site it serves. Customers want more speed, and want their broadband connection for many reasons.

A "download" trend can only create more demand for more bandwidth. If we want to continue to own a successful toll road, we better keep the highway clear and safe, and increase the speed limit. What we don't want to see is our customer begin to download without us.

That's not an episode I want to "download" in the future. **BBP**

About the Author

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