

## **The Web: Pay-per-view movies coming online**

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CHICAGO, Feb. 25 (UPI) -- Pay-per-view movies over the Internet have arrived, possibly presaging the next wave in television viewing, experts say.

Back in the late 1970s, Home Box Office started the subscription cable TV rebellion against the broadcast networks, showing current feature movies uncut. Now, 25 years later, the one-time titans ABC, CBS and NBC have shrunk to mere shadows of their former selves, concentrating on so-called made-for-TV movies of uneven quality and offering recent Hollywood features only rarely. At the same time, the cable channels have claimed a steadily increasing share of television viewers.

"There is a parallel with cable and broadcast TV and the Internet," said Emmanuel Roco, a senior analyst in the media department at the research firm, IRG Research in New York City. "The big broadcast networks have lost about half of their viewers since the 1970s. I expect more of the same to happen with the Internet."

Just as local cable companies have been offering pay-per-view movies to subscribers, a new array of online services -- such as CinemaNow.com and Movielink.com -- is following suit. There, consumers can download, in as fast as 30 seconds, movies such as "Alien" and "The Terminator" for as little as \$3.99 per film.

Microsoft Corp. plans to join the fray next year with Internet Protocol TV, a joint venture with overseas broadcasters like Swisscom of Switzerland, Reliance Infocomm of India, and Bell Canada, Ed Graczyk, a director of marketing at Microsoft's TV division, told United Press International.

Many local TV stations around the United States already are broadcasting, simultaneously, on the Internet and over the air, Roco said.

Local TV stations also have begun to offer some programming online. For example, viewers can go to the stations' Web sites, click on news story topics and "see extra news footage which wound up on the cutting room floor, and not on the broadcast," Roco told UPI.

A project last year called WebFN, an Internet broadcast competitor to CNBC, headquartered in Chicago, employed a similar strategy on a national basis. It failed, mostly because of the poor advertising market in the business media.

Experts said Internet TV likely will spread faster than cable TV did because the Federal Communications Commission, which regulates broadcasters, holds no jurisdiction over the Net.

"Cable TV actually started out in the 1940s, on a limited basis, in communities where they could not receive a broadcast signal," Roco explained. "But it took years for it to

get traction. The FCC was very problematic. They restricted the viewing of movie programs to shows that were more than 10 years old. That's because the broadcast lobby was very strong, and they stanching the growth of the medium.

"The rules started easing in the 1970s and, with HBO as the first premium cable channel, and super stations like TBS, the tiger was out of the bag," he said.

The primary impediment to Internet TV so far has been technology, Roco said. With the growth of homes that have Internet connections via digital subscriber lines, online viewing quality has become comparable to broadcast and cable TV, not the jerky video common with dial-up connections.

With pay-per-view technologies, moreover, consumers can download movies from the Internet and then play them back on the TV in their living room.

"Using the Internet to distribute television content is becoming more popular as network and personal computer storage capacity increases," Jeff Matsuura, a professor of technology law at the University of Dayton Law School, told UPI.

Microsoft's Windows Media 9 technology -- a cutting-edge video compression tool -- is going to make Internet TV as viewable as broadcast and cable, Roco said.

"IPTV is starting to happen now in a big way and broadband operators all around the world are already investigating, or deploying, IPTV solutions," Graczyk said.

Responding to the potential threat, cable TV operators are eyeing Internet TV technology, said Ryan Petty, vice president of Myrio Corp. near Seattle, a provider of middleware software for cable companies.

"There is a good deal of activity in Europe with this technology," Petty told UPI. "There is activity with national companies in the United States as well."

One analyst sees the broadcast networks, cable and the Internet merging, over time, into one information delivery system.

"What we know as television and the Internet will meld," Jim Barry, a spokesman for the Consumer Electronics Association, located near Boston, told UPI.

Some users are not too keen on that monopolistic possibility, however.

"I'm no expert, just a home user," Michael Lunsford, a Californian, told UPI. "But I thought it would be interesting to note that in the San Francisco Bay Area, where I live, both cable TV and cable Internet are run by the same company, Comcast, which charges \$150 per month to have both. Wish I knew where to complain."

Such a strategy was designed by movie and TV producers "to keep people in front of the TV, and not lose them to the Web," Roco said.

He added he does not think that is going to work in the long-term.

"Internet TV is giving people in Hollywood angst," Roco said. "A lot of the restrictions that inhibited cable, frankly, do not exist on the Internet."

Court battles may be a factor that slows the fast rollout of Internet networks, and forestalls the emergence of the next generation's version of cable commentators Bill O'Reilly and Sean Hannity.

"Unless appropriate copyright royalty structures are developed for both video streaming and downloads, expect litigation based on copyright law analogous to that initiated by the music recording industry as the scope of Internet television operations expand," Matsuura said.

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