



So a new battle has begun. It's the battle for living room supremacy. This battle has been brewing for about 3 years now but no one has really made a serious run at taking over your television set until now. Yes, there's been AppleTV since 2007 and many people have enjoyed its ability to view pictures and buy movies but the experience has not been so compelling that it's had any effect on replacing cable or satellite. Well those days are changing. And here's why:

Over the last 10 years we've been buying music and placing it on a hard drive that we also have to back up. That drive dies and you've lost your music. Then movies and tv shows started down the same path. You can now go to iTunes or Amazon.com and download just about any video you want and it's yours. So now that you have the entire series of Lost, where do you store it? The hard drive model is becoming obsolete as technology advances. It's being replaced by "streaming". [Netflix](#) has already [announced](#) that in 2 years they'll be out of the DVD mailing business and streaming only. [Hulu](#) is another great example. You can go browse several of the network's catalogs and watch whatever you want (with commercials) instantly. That's very convenient and the networks love it.

The movie and tv industry like the streaming model so much because it virtually eliminates piracy. You can't copy and distribute a movie that's not on your hard drive. And no one wants to record it in real time. The other bonus to this is that you don't have to worry about backing up your content on a hard drive in your home. You are essentially buying permission to watch or listen. The day is coming very soon when "syncing" your iPod to iTunes will be obsolete. You'll buy your iPod, put in your account, and your music will just show up on the device because the iPod will connect to the internet and open up the songs and video you have permission to listen to or watch.

This leads us to the great debate as to which model is better? Buying your movies/music a la carte or by subscription? The market hasn't decided that yet. The large majority of us still do both. Yes both. We all have cable tv or satellite subscriptions. But we also buy DVD's or download movies as well. Basically, we're paying for the same stuff twice. Maybe not at the exact same time, but we are. We just don't realize it. Up until now, no internet driven set top box has even come close to challenging cable or satellite but that's all getting ready to change.

None of your grand children will ever experience gathering around the tv for the Thursday Night comedy line up on NBC or staying up late for the [ABC Sunday Night Movie](#). Those days are over. In fact, the concept of waiting for something to come on is also over. Going forward your kids will just view what they want to see online exactly

when they want to see it. And it's not going to be via cable or satellite. It's going to be over the internet. ~~The one exception to this is Sports of course.~~ I changed my mind. Even sports will stream. Major League Baseball already does it with their iPad app. The others will follow shortly.

Did somebody mention Blue Ray? What's that? Another [dead medium](#) in a line of dead mediums. Records, 8 tracks, cassette tapes, CDs, VHS, Beta, Laser Disc, DVD, HD-DVD, Blue Ray...it's all over. The internet will win. And here's who's leading the charge:



[GoogleTV](#) was just announced this week. The box (made by Logitech) weighs in at \$300. So that puts them way out of the fight for now. But don't count them out. They will be back at a much lower price point with guns a blazing. Very soon every tv you buy will have the GoogleTV logo and they will win.



[AppleTV](#) has come down to \$99 with Netflix streaming built in. It will soon have apps on your tv. It has perfect integration to your existing macs and iTunes. If it gave me the ability to watch content on Hulu and purchase Pay Per Views then I would declare them the winner. With iPad and iPhone as the controlling device, that will be a hard combination to beat. No more purchasing though. It's all rental from here.



Xbox 360 is a very strong contender. Netflix streaming. Easy to use video store. Microsoft has a foothold in the living room already so expect a major push to show up in connection to their new Windows phone due out later this year.



Ps3 and Wii are way behind when it comes to watching television and movies over the internet. The main thumbs down right now is that you have to put in a Netflix disc as a key if you want to use Netflix. That's no good. Wii also has a lower resolution so no high definition coming there.



[Boxee Box](#) is a dark horse. They are the most interesting player here. They have the right idea with innovative design. They probably have the best user interface with their Boxee software based on the old Xbox media player. It wins in "cute" factor. I'm pulling for them.



[Roku](#) is the major favorite in the race. They have the price point at \$69-\$149 based on screen resolution and features. They seem to be the golden child of the major networks right now. They just announced Hulu integration and already have a decent Netflix browser.

So those are the players. The goal is to become the replacement for your cable or satellite. It's not going to happen overnight but 2011 will mark the beginning of the battle. It will rage for about 3 years then we'll see cable and satellite start to die.

Having just relocated myself, I was more than ready to get rid of my satellite bill and replace it with internet only content. My family wasn't willing to give up traditional tv just yet but they'll come around.

In order for mainstream America to give up their cable in exchange for an internet driven set top box here's what's going to need to happen:

Keys to Victory:

- Internet speeds need to increase to support Hi Def streaming reliably.
- Netflix has to be on it
- Hulu has to be on it
- Pay Per Views have to be accessible
- New Movies have to be instantly streamable
- HBO and other premium channels have to join in and offer their content either as a subscription or a la carte.
- Sports have to be accessible

$$\int_{-\infty}^{\infty} e^{-x^2} dx = \sqrt{\pi}$$

$$f(x) = a_0 + \sum_{n=1}^{\infty} \left( a_n \cos \frac{n\pi x}{L} + b_n \sin \frac{n\pi x}{L} \right)$$

$$x = \frac{-b \pm \sqrt{b^2 - 4ac}}{2a}$$

So here's what you need to do to prepare. Start thinking about what would be cheaper for you. Look at your current monthly cable or sat bill then compare it to Netflix (\$9 per month) and Hulu Plus (around \$9 per month) although some content may remain free with commercials. Then consider what you actually watch vs. what is just on. You'll pay only for shows/channels you actually watch. Unless you are a couch potato, the internet set top box is going to come out cheaper every time.

So just as the internet is killing newspapers and magazines, it will soon challenge the local television channels and eventually network television as well. There will still continue to be television shows and movies of course. We just won't be turning to channel 36 to view it at 8pm on Thursday night. We'll stream it whenever we want. In the meantime, enjoy your high cable bills and satellite a little longer because they're not going to give up without a fight. Maybe they'll package the battle up and sell it on Pay Per View.

As always, if there's any way I can assist you with all things Apple you can [schedule a session](#) directly online.

Scotty Sells



Consultants  
Network

Don't forget [town hall](#) online Mondays at 8pm for answers to quick questions.