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The revolution will be televised

The next big change in home entertainment won't be digital TV, which was announced this week, but internet TV. With internet-enabled television we will choose our own timetables, pause when it suits us and when we shout at the box it will be listening. It's not that far away, as technology editor **Peter Nowak** and media writer **Martha McKenzie-Minifie** report

RUSSELL CLARK'S phone has been ringing off the hook since the Government announced its sweeping overhaul of broadband regulation last month.

Clark, joint managing director of the country's largest video rental chain, Video Ezy International, says the imminent broadband revolution is going to change not only his business but the way people view film and television altogether. For the past few weeks, he's been getting calls from internet service providers anxious to provide customers with some sort of video offerings over the higher-speed connections expected soon.

"They've been calling saying, 'what can we do?' It's a whole new business." Indeed, the global trend is seeing television and the internet merging. Traditional television and video providers, such as Sky and Video Ezy in New Zealand, will soon have competition from a host of non-traditional players, including

internet service providers and telephone companies. Faster broadband speeds and more reliable internet networks are presenting a serious threat to the traditional players.

Thursday's announcement that digital television will be phased in from next year could pale in significance when the impact of the internet is felt, since this time around the revolution will not only be televised — it will be downloaded.

The seeds of the movement were sown in 1999 when an American college student named Shawn Fanning launched a file-sharing program called Napster as an easy way to swap MP3 music files over the internet.

Napster turned into a global phenomenon as millions of people downloaded music tracks from each other for free, taking the record labels by surprise. This time around, media players are positioning themselves to take advantage of the new paradigm.

TWO NET TV TYPES

Downloadable: Viewers download shows from the internet to watch on their computer, iPod or similar. Apple already sells US customers episodes of popular shows.

IPTV: Programmes download straight to TV. IPTV replaces the traditional cable connection with broadband and gives viewers more interactivity with the medium.

Clark says Video Ezy is close to signing off on a model that will allow customers to download movies directly from the chain. Video Ezy, which has 150 outlets in New Zealand and 550 in Australia, has yet to feel a pinch from consumers downloading video, mostly because of poor broadband speeds in both countries. But as those speeds increase, so too will

the downloading.

"The public are alive for downloading movies," he says. "It isn't having an effect on us at the moment, but it certainly will have an effect, which we're getting ready for."

Last October, Apple started offering customers episodes of popular television shows, such as *Desperate Housewives* and *Lost* to US customers. The shows — which are for downloading onto Apple's video iPod — were selling for US\$1.99 each the day after they aired on television. The company has sold 30 million videos so far and has expanded to include content from four major US television networks.

ISPs, meanwhile, are also looking for a piece of the video action. Their offerings will take a different form in that customers won't download content onto their computers, but rather straight to their television through a special set-top box.

It's a trend known as Internet Protocol Television (IPTV), which is essentially

replacing the traditional television cable connection with a broadband connection. Doing so will allow service providers to introduce more interactivity to television, making it more of a two-way medium. IPTV is also typically offered with a Voice over Internet Protocol (VoIP) phone service and broadband access in a bundle known as "triple play".

"If you're an ISP wanting to differentiate your business, you'll be looking into those channels," says Stephen Harley, product innovation manager for No 3 Australian ISP iiNet. "Internationally it's become pretty well an obligated product offering."

Perth-based iiNet, which owns New Zealand's ihug, runs its own ADSL2+ network in Australia and is testing video services. The company is in the process of deciding on content providers and plans to roll out IPTV services soon. ihug is

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