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TiVo, Yahoo! and the Power of the Portal
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What a week in new media! Among a slew of announcements, TiVo and Yahoo! agreed to offer a new converged service offering, providing yet another dramatic illustration of the impact that Internet technology is having on how consumers experience media and entertainment. This comes on the heels of Apple's release of the video iPod, ABC's announcement that they will offer downloadable prime-time content to iTunes' users, CBS and NBC announcing on-demand content for purchase, and UPN's trial streaming of "Everybody Hates Chris" from Google's video portal. If judging only by the announcements of the last couple months, an outsider might say that the Internet is fast becoming the hot spot for new mainstream media. The TiVo and Yahoo! announcement, however, deserves a second look.

The Details

Earlier this week, Yahoo! and TiVo announced that TiVo owners will soon be able to schedule recordings directly from Yahoo!'s TV portal, as well as download content through a broadband connection. Users of Yahoo!'s TV portal will be able to click on the "Record-to-TiVo" button directly from a "TV Program" detail page. Owners of TiVo Series II boxes will have the requested recording added to their PVR within an hour or so. Further, Yahoo! will begin downloading content such as weather and user photos to the box before the end of the year.

The Logic

Since Terry Semel took the helm at Yahoo!, the Company has been reinventing itself as a major media franchise. Semel, being a product of the media industry, has drawn in a variety of industry veterans to help in the transformation of the company into the fifth major network (next to ABC, CBS, NBC and Fox.) He has signed web distribution deals for major properties such as "The Apprentice" and "Fat Actress" from Showtime, signaling content creators and advertisers alike that the Internet means business for media. For

Yahoo!, the TiVo deal, so it is hoped, will bring them one step closer to establishing a presence in the most sacred of media Holy Lands: the TV. Yahoo! is well aware that it must expand its presence beyond the PC and into other media outlets - both new and traditional.

From TiVo's perspective, the Yahoo! partnership means access to Yahoo!'s 125+ million users, providing a sizeable audience to help expand the ranks of its subscribers at a time when millions of TV users may be jumping ship. Two-thirds of TiVo's current subscribers are through DirecTV, which has decided to use its own PVR technology and gradually phase out existing TiVo users. This puts TiVo in a precarious position making them, many believe, a prime target for acquisition (speculation as to who the suitor may be demands a separate opinion piece).

The Implications

Is there a method at work behind this madness of new media announcements? In my opinion, there is indeed.

Many web users now see the Internet as an on-demand paradise of content: a variety of videos, music, games, blogging, chat-rooms, news and movies are available on-demand, 24-by-7. When thinking about their current cable or satellite subscriptions, many of these same users see a relic, a bloated monopoly asking them to watch a relatively limited library of content only when it is scheduled. This just doesn't fit with their lifestyles anymore.

The major mainstream content providers are now awakening to this new reality. Content must be like water, flowing through every available pipe and path to the viewer - and available on their schedule. If it isn't, they risk losing viewers altogether. This is not a battle between CBS and HBO, but a war of attention. The only way to win this war is get your content to the viewer wherever they are, whenever they want it.

One obvious insight to be drawn from the Yahoo!/TiVo agreement is that Yahoo! is looking longer term to leverage it's relationships with content providers to deliver mainstream video directly to TiVo boxes and thus find its way into the living room.

Separately, Yahoo! is aware of the tremendous value their users will receive by bringing all of this content together in one place. Given its recent work in video search, Yahoo! is positioning itself to be the TV portal or Interactive Programming Guide (IPG) for the next generation of TV users. In fact, this combination of content and an easy-to-navigate portal, so it is hoped, will come to define the Yahoo! experience and eventually position them as a real media contender - the fifth network, if you will. A Yahoo! user will one day be able to visit their customized portal and find the specific types of media that interests them, served up without having to wade through an endless sea of uninteresting stuff. Yes, this remains a bit futuristic, but Yahoo! is laying the groundwork to make this happen today.

Should this vision be realized, who will become Yahoo!'s main competitor? Simple answer, whoever else lays claim to the interactive program guide (IPG). Consumers have a limited choice when it comes to their IPG; it is usually imposed by their cable or satellite TV operator. In most cases, consumers simply get a grid listing of broadcast channels bulging with content

options, most of which don't interest them on a schedule that almost certainly isn't convenient.

But where is the personalization? Where is my stuff?

Good question, yes. Good answers? Much more difficult to find. It's as if the amount of content available is inversely proportional to the consumer's ability to navigate this content.

Final Thoughts

At this point, DirecTV must be feeling pretty good about parting company with TiVo, as the last thing they want is someone like Yahoo! making it possible for subscribers to download prime-time, mainstream content directly to their TiVo boxes without passing through the DirecTV pipeline. While this is a legitimate short-term concern, what DirecTV (and other content service providers) should really be worrying about is how to get their subscribers the stuff they want, when they want it - in other words, how to leverage new Internet-based technologies to better serve their subscribers.

For the current crop of program guides, the simple message is this: evolve or die. This is the subject of TDG's forthcoming report, *[Program Guides at the Crossroads: Evolution and Survival in the Internet Age](#)*.

So, whether you're a broadcaster, a service operator, or a content creator, you need to answer the following questions... do you know where your viewers are?

About The Diffusion Group (TDG) -

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