

# No salvation yet for TiVo from Yahoo! deal

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No longer satisfied with simply being an Internet search engine, Yahoo! has been diversifying its portfolio rapidly over the past few months through a number of major acquisitions and business deals with other companies. But the deal is likely to be a bigger boon to its partner TiVo rather than to the Internet company.

On Monday the company announced its latest agreement, this time with TiVo, which will allow subscribers to the television program processing service to get their digital video recorders to program remotely by using Yahoo!'s television information Web sites.

Unlike recent efforts to move into Voice over Internet Protocol or instant messaging, which rival groups including Google have also been trying to break into, the latest television deal will be unique to Yahoo! -- at least for now.

The Sunnyvale, Calif.-based company already has a site dedicated solely to television programming called Yahoo! TV, which provides a guide for programs on-air, in addition to reviews of the broadcasts coming up. In addition, Yahoo! offers browsers exclusive information on certain programs, including the celebrity-studded "Entertainment Tonight" show. While it is possible to watch television nowadays on the Internet, industry analysts broadly agree that most viewers prefer to watch their programs on a big, clear screen that cannot yet be imitated by a personal computer.

Nevertheless, the bigger winner from the deal will be TiVo rather than

Yahoo!, said Van Baker, vice president of research at information technology research group Gartner based in San Jose, Calif.

"It's a step in the right direction ... it's another enhancement to the service" for TiVo, Baker said.

As of Monday, those who are subscribers to TiVo will be able to click on a Yahoo! TV's site ([tv.yahoo.com](http://tv.yahoo.com)) link entitled "schedule on TiVo" and then pick out what they want their TiVo system to record in advance. Granted, opening a TiVo account is not cheap. The basic TiVo Series2 box itself will cost about \$50, and customers will have to pay an additional \$13 per month for service, bringing annual costs to over \$200. Opening a Yahoo! e-mail account, which is necessary to record the programs through the Internet, however, is free.

"Working with Yahoo is another way for us to deliver the best way to watch television and give viewers control of the television experience," Tom Rogers, chief executive of TiVo, said in a news release. He added that the partnership between the two companies will allow TV viewers "the ability to easily schedule recordings for later viewing."

Meanwhile, Yahoo!'s head of sports and entertainment, David Katz, stated, "We are excited to further our mission of delivering what consumers want, when, how, and where they want it."

The companies jointly stated that users "can easily program their TiVo devices remotely to record that new show they read about or catch their favorite show they discovered is being re-aired." They added that they will be working together still further in coming months including photos, traffic and weather available as part of the TiVo service.

For shareholders of TiVo, the announcement was a welcome one, particularly amid growing concerns that the company's service is

becoming less and less attractive, given the multitude of entertainment sources and the surge of pay-per-view and other home-entertainment sources.

As a result, shares of TiVo on the Nasdaq exchange were up 0.31 in mid-afternoon trading Monday to \$5.43, having hit \$5.69 at the opening bell amid speculation that the two companies would be announcing the deal later in the day.

Shares of Yahoo!, meanwhile, were up 0.18 to \$38.05.

Nevertheless, it is still too soon for TiVo to rest content.

"The media market is fragmenting like crazy right now," Gartner's Baker said, adding that TiVo will have to "step it up a notch" to compete with cable and satellite providers that are already offering similar functions to TiVo as part of their services.

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