

Streaming games could be bane or boon for ISPs

March 25 2009, By PETER SVENSSON , AP Technology Writer

(AP) -- Parents might get a new reason to yell at their kids for playing video games too much: In the future, it could rack up their Internet bills.

A service unveiled this week aims to stream video games over the [Internet](#), setting gamers on a collision course with cable and phone companies that are seeking to curb growing demands on their networks by charging for heavy usage.

OnLive Inc., a startup from Palo Alto, Calif., revealed its service Tuesday night at the [Game Developers Conference](#) in San Francisco. Users would get a small, simple device to connect to their TVs, or they could run the application on a PC. Their screens would receive the game video from OnLive's servers, which would do the data-crunching needed to render a richly detailed environment. No game console or high-end gaming PC would be needed.

It's uncertain how well OnLive would work in homes - there has been no widespread customer trial. It is clear, though, that it would consume large amounts of bandwidth, far higher than that required for current [online games](#), where most of the content is stored on the computer or console.

The company puts the data usage at just under a gigabyte per hour of high-definition gaming. The only [Internet application](#) with comparable consumption is high-definition video, like movies bought through iTunes, watched on Netflix Inc.'s streaming service, or downloaded from

file-sharing networks.

Internet service providers are already girding for rising use of Internet video by placing monthly limits on the amount of traffic their subscribers can use. The approach varies. Some are setting limits so high that only a small fraction of users ever reach them. For instance, Comcast Corp., the country's second-largest ISP, limits usage to 250 gigabytes per month, and cuts off repeat violators. OnLive says its users would need to play around the clock for nearly 12 straight days to reach that.

However, other Internet service providers are trying lower limits, then charging extra for those who go over. It's not clear which approach will win out, but subscribers on low-limit ISPs could quickly find themselves paying far more for their Internet connection, particularly since many gamers spend more than 20 hours a week on a game.

Frontier Corp., a regional phone company, has alerted its customers that it plans to charge extra for usage above 5 gigabytes per month. That's 5 hours and 40 minutes of OnLive gaming, if the connection is used for nothing else. Time Warner Cable Inc., the country's third-largest ISP, is testing four plans with different caps in Beaumont, Texas. The highest provides 40 gigabytes per month. Every gigabyte above that, or a bit more than hour of OnLive gaming, would cost a dollar.

Time Warner Cable spokesman Alex Dudley says the fees are a way to finance the network, by charging more for those who use their connection the most.

Derek Turner, research director at media and Internet advocacy group Free Press, said the bandwidth caps are "misguided" because they can stifle new applications like OnLive that add value to an Internet connection.

Also, he said, the profit margins on Internet connections are very high, and it's not clear that ISPs need to increase their fees to finance upgrades, especially since the cost of network hardware keeps falling.

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Citation: Streaming games could be bane or boon for ISPs (2009, March 25) retrieved 25 April 2024 from <https://phys.org/news/2009-03-streaming-games-bane-boon-isps.html>

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