

Cable TV companies mull impact of online video

April 1 2009, By DEBORAH YAO , AP Business Writer

(AP) -- Cable TV operators have treaded gingerly with online video. The companies want to meet consumer demand for watching shows on the Internet. But they don't want cable TV to lose its place as the home's main entertainment pipe.

These ideas are in the air this week at The Cable Show, the industry's annual trade convention. Cable TV operators agree they have to respond to the trend of online TV in a way that doesn't decimate their business, much like the Internet has hurt the music and newspaper industries.

Jerald Kent, chief executive of cable operator Suddenlink Communications, said cable TV companies will have to do something in between the approaches taken by the music industry - which ignored the threat of the Internet for too long - and the newspaper industry, which put its content online for free.

One idea rapidly gaining ground is to let only subscribers watch cable shows online, through an authentication process cable companies have yet to finalize.

This idea goes by at least two names. [Comcast Corp.](#) calls it "On Demand Online" while [Time Warner](#) Inc. has dubbed it "TV Everywhere."

Subscribers would be able to connect to Web sites specially set up to view cable shows. Or existing cable Web sites - such as HBO.com -

would have a dedicated area only subscribers can enter.

Either method would create a "walled garden" of cable shows and keep that content from being offered for free over the Internet.

Still, there are tricky things to overcome. Kent pointed out that cable companies have to decide whether to give access to each user or each home. They also have to figure out how to treat second homes of subscribers, and decide what to do if subscribers' children take access with them to their college dormitory.

And should cable TV operators charge extra for subscribers to watch cable shows online, or bake that into the cost of a subscription? "I'm not sure," Kent said.

Comcast CEO Brian Roberts said it's not a matter of online video completely replacing cable TV. Rather, cable companies should see online video as a new service that can boost business.

"It's a friend, not a foe," he said. "Give the consumer what they want but do it in a way that is fair, friendly and at the same time adds value, not destroys value."

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