

# TiVo hopes for a lift from DVR blending 'Net, TV

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TiVo Inc., the pioneer of the digital video recorder, hopes its new DVRs coming out this spring will keep the company relevant in an age when broadcast and broadband will be combined in TVs.

The new [TiVo](#) Premiere boasts a thinner, sleeker look with a revamped menu and features that will more closely integrate TV shows and Internet content. A search for an actor, for instance, brings up his movies that are coming up on TV or available for rental or purchase through Amazon.com, as well as related YouTube videos.

"This is a whole new chapter in TiVo's evolution," CEO Tom Rogers said in an interview. "We're moving toward `get anything you want whenever you want it.'"

In doing so, the company also hopes to regain the cachet that made the word "TiVo" synonymous with TV recording - a verb that has faded in use with the rise of generic recorders that cable TV companies make available to their subscribers. TiVo could use a sales boost because the company has barely ever made money.

In the first few years after TiVo was founded in 1997, its DVRs were truly revolutionary. Today, the integration of TV and the Internet is available in a growing number of devices, from Moxi DVRs to Internet-enabled TV sets. TiVo has to work harder to stand out.

Its answer is the TiVo Premiere, due to hit retail stores in early April in

TiVo's first product launch in more than two years. The \$499 Premiere XL will be able to store up to 150 hours of high-definition TV on its 1-terabyte hard drive. The \$299 Premiere can store up to 45 hours of [HD TV](#) on its 320-gigabyte hard drive. The DVR uses [Adobe Systems Inc.'s Flash software](#), which is widely deployed on the Web and will enable TiVo to let third-party developers create applications for the new units.

The prices of the new DVRs are comparable to the current line. They will require subscription fees ranging from \$12.95 a month to \$299 for three years. Customers can also choose to pay the fees in one lump sum of \$399 to last the life of the unit.

TiVo also fixed a few annoyances for customers. Viewers of a TV show can now surf the menu without having to leave the show. It will shrink to a small window and keep playing. Searching for shows will be easier with a new remote that has a keyboard. But it costs extra and won't be available until late summer or early fall. Pricing has not yet been set.

A new disk-space bar will show how much storage is left. And a new video bar across the menu screen will show what's popular or recommend shows you might want to watch. Previously that required navigating several menus.

"TiVo has Amazon on its boxes, YouTube and Blockbuster and (the list will) likely grow over time," said Tony Wible, an analyst at Janney Montgomery Scott. "TiVo helps aggregate all this stuff."

Although TiVo could claim its product was superior to the generic DVRs provided by cable and phone companies, its base of customers, who are typically big TV aficionados, has shrunk to 1.5 million from an all-time high of 1.7 million in 2008. DVRs from the cable company can be compelling because consumers can lease them for a comparable monthly

fee, without having to buy the unit.

That, and high research and development expenses, has made TiVo a consistent money loser. TiVo, which is based in Alviso, Calif., has had only one year with a net profit. That was the fiscal year ended Jan. 31, 2009, when it got \$103.3 million after taxes for prevailing in a patent lawsuit against Dish Network Corp. Regulatory filings show that TiVo accumulated net losses of more than \$600 million since its inception in 1997.

In hopes of consistently turning profits, TiVo has been changing its business strategy.

The company is licensing its menu guide and features to Comcast Corp. and Cox Communications Inc. to replace the on-screen guide used in cable DVRs. It is developing a box exclusively for DirecTV Inc. that will work with the satellite TV operator's system. Rogers said these won't have all the features of the new TiVo DVR. But customers of cable TV operator RCN Corp. will, because RCN will be leasing TiVo's new DVRs to its subscribers.

Wible expects TiVo to sell more of its own DVRs to smaller cable companies and license the technology to bigger cable providers. The bigger companies would find it too expensive to replace millions of DVRs and likely would opt to download TiVo's software instead.

If subscription TV companies won't pay a license fee, TiVo has another strategy: taking them to court. TiVo holds many patents related to the DVR and is suing operators it believes has infringed on those rights. In addition to the case it brought against Dish, TiVo is suing AT&T Inc. and Verizon Communications Inc.

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