

# Apple-Google fight is expected over future of TV

June 1 2010, By Jessica Guynn and David Sarno

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Another battle is brewing between Apple Inc. and Google Inc., and this time it may come into your living room.

One week after Google announced its bid for the hearts and eyes of America's TV viewers with Internet-based Google TV, its [Silicon Valley](#) rival is reportedly poised to overhaul its own offering, [Apple](#) TV.

The stakes are high. Whoever wins could play a leading role in one of the great technological transformations of recent memory by piping limitless video and other content from the Internet and television to the small screen. Americans spend several hours a day in front of their televisions, creating what some analysts estimate to be a \$150 billion advertising market.

"A generation from now, people simply won't believe how limited the world of linear programming was, the same way people under 30 today can't relate to 12 channels and a knob," said Jim Lanzone, chief executive of Clicker.com, an Internet TV programming guide.

Nearly 40 percent of consumers said they wanted to connect their computers to their televisions to watch online video, according to a recent survey by Frank N. Magid Associates. Yet Internet television has remained largely a pipe dream for the brightest, richest technology companies including [Microsoft](#) Corp.

"It's much harder to marry a 50-year-old technology and a brand-new

technology than those of us in the brand-new technology industry thought," Google Chief Executive [Eric Schmidt](#) acknowledged last week.

The revamped Apple TV is likely to have features that will enable viewers to stream entertainment and content from the Internet, similar to Google TV, which is pushing a new generation of Internet-connected televisions and home entertainment devices that run on Google's Android software.

Google TV would enable viewers to quickly pull up on their TV photos, video, music and other content from the Web using on on-screen search box just like the box on its website.

Apple's new version of its TV set-top box may have many of the functionality found on its runaway success iPhone. It is also looking at slashing the price to \$99 from \$229, according to technology blog Engadget, which first reported on the prospects of the overhaul. It would also put the A4 processor that powers its computers under the hood.

When asked about the device, Apple said it did not comment on rumors and speculation.

"This is a critical time for Apple. Google made a play for TV that is much stronger than anything Apple has ever done," said Forrester Research analyst James McQuivey. "Apple has about a year to step up and offer an alternative before Google becomes the dominant provider of the television experience of the future."

Analysts say Google may get closer to merging the two media than any other previous attempt.

But there is a major potential stumbling block. Media companies could

object to having their online video content streamed on Google TV because it could harm their traditional TV business.

Hulu.com, owned by Walt Disney Co.'s ABC, News Corp.'s Fox and General Electric Co.'s NBC, has blocked its content from other Web TV devices such as a set-top box from privately held Boxee and Sony Corp.'s PlayStation 3 game console.

Another stumbling block is cost. Google's partners, Intel Corp. and Sony Corp., have not disclosed pricing.

Apple does not break out Apple TV sales, but has said they are on the rise.

"We're continuing to invest in it because our gut tells us there's something there," Apple's chief operating officer, Tim Cook, said in February.

Apple released the original Apple TV in early 2007, positioning it as "a DVD player for the Internet Age," a device that allowed users to, in essence, connect their personal computer to their home theater systems. The current model contains a 160-gigabyte hard drive that can store 200 hours of video.

Apple TV has struggled to find commercial success in the crowded field of set-top boxes, instead remaining a product largely favored by Apple die-hards and relegated to niche status unlike Apple's blockbuster devices such as the iPad and iPhone.

But a smaller, lower-cost Apple TV could enable users to more easily take advantage of "the cloud," a model of computing in which user data and media files are stored on remote servers and accessed over the Web on demand.

If Apple TV connected to the iPhone and iPad, it would have access to a couple of hundred thousand applications developed for those platforms. Apple is building a giant data center and recently bought streaming-music service Lala.

Companies like Netflix and [Google](#) already enable users to watch movies and video by streaming them to their televisions in real time.

Rather than wait for hours for movies and TV shows to download to their local computers, users can simply press "play" and begin watching a film over the Web.

Apple TV already has a huge library of video content through its iTunes store, including 50,000 television episodes, and more than 10,000 movies. The device also enables viewers to find and watch clips from Google's YouTube video site.

"This would be a major step forward for Apple," VideoNuze analyst Will Richmond said. "Whether it's this product or something else, Apple is going to make another stronger run at television. It's inevitable."

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